

STATE OF MARYLAND CDBG PROGRAM

POLICIES AND PROCEDURES MANUAL SFY 2020

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MARYLAND COMMUNITY DEVELOPMENT BLOCK GRANT PROGRAM

POLICIES AND PROCEDURES MANUAL

This Policies and Procedures Manual is to provide information for all projects funded with Maryland CDBG program funds in State Fiscal Year 2020 (July 1, 2019 – June 30, 2020).

The Maryland Community Development Block Grant Program (CDBG) is a federally funded program designed to assist county and municipal governments with activities directed toward neighborhood revitalization, housing opportunities, economic development and improved public facilities and services. Congress initiated the program in Title I of the Housing and Community Development Act of 1974 and provides funds to the State for non-entitlement areas. Non-entitlement areas are non-urban counties with populations less than 200,000 (minus entitlement cities) and municipalities of less than 50,000 in population.

The State of Maryland has assumed the responsibility for the administration of the program from the U.S. Department of Housing and Urban Development (HUD) and is the responsible entity for ensuring that the program is managed in compliance with regulations and requirements of CDBG and HUD. The Maryland CDBG program is administered by the Department of Housing and Community Development (DHCD). HUD provides the State with “maximum feasible deference” to create additional policies, be more restrictive than HUD in policies and interpretation of regulations, and to determine how funds will be distributed. Additionally, the State may choose not to fund certain types of projects though they are eligible.

The State provides CDBG funds primarily as gap funding for projects selected by jurisdictions to meet their needs. The funds will be awarded through three categories: 1) Community Development; 2) Special Projects; and 3) the Homeless Initiative. DHCD will award funds for projects from the Community Development and Homeless Initiative categories through annual competitions. DHCD will award funds for projects from the Special Projects category on a “first come, first serve” basis.

The primary objectives of the Maryland CDBG program are to provide decent housing and necessary supporting infrastructure; to preserve and develop viable communities through the expansion of economic opportunities; and, to meet the critical needs of Maryland's communities. The Maryland CDBG program provides public funds for activities that meet at least one of the following national objectives as required by Title I of the Housing and Community Development Act of 1974, as amended (HCD Act):

- gives maximum feasible priority to activities that will benefit low and moderate (LMI) persons and households;
- aids in the prevention or elimination of slums or blight; or
- meets community needs that are of an urgent nature or an immediate threat to community health and welfare.

Additional Maryland CDBG program objectives include:

- revitalizing older neighborhoods and established communities;
- leveraging CDBG funds with other public assistance programs and private resources;

- directing growth to existing population centers;
- providing essential public services to low and moderate income persons;
- encouraging collaboration with state, federal and local programs focused on community development, economic development and planning efforts;
- supporting initiatives that preserve affordable homeownership;
- supporting capital and non-capital investments that support the homeless; and
- supporting initiatives and activities that benefit those serving or who have served in the U.S. armed forces.

The federal CDBG program regulations can be found in Title 24 of the Code of Federal Regulations Part 570 (24 CFR Part 570).

STATE FISCAL YEAR 2020/ FEDERAL FISCAL YEAR 2019 ALLOCATION

At the time of this publication, HUD has not informed the State of Maryland of the amount of grant funds it will receive for SFY 2020 (FFY 2019). As the federal budget has been passed, and the total amount awarded for the CDBG Program is the same as SFY 2019 (FFY2018), it is anticipated that the State will receive an award equal to or higher than the amount of \$7,778,516 received for SFY 2019. The anticipated distribution will be revised once the CDBG allocation is received. The anticipated amount is divided into the following categories:

ANTICIPATED STATE OF MARYLAND CDBG ALLOCATION – SFY 2020	
State Administration (2% + \$100,000)	\$255,570
Technical Assistance (1%)	\$77,785
Community Development (67% - \$100,000)	\$5,111,606
Special Projects (14%)	\$1,088,992
Homeless Initiative (16%)	\$1,244,563
TOTAL	\$7,778,516

The State will match the 2% administrative allowance with State general funds. The 1% Technical Assistance funds will be used to pay for program administrative costs related to providing technical assistance to grantees and potential CDBG recipients. The State may also use 3% of program income returned during the program year for administration and technical assistance. In the annual Performance Report, the State will calculate the amount used and determine the State's required match.

In SFY 2020, the State anticipates receiving approval from HUD to transfer approximately \$1,500,000 of program income received from the Neighborhood Stabilization Program to the CDBG Program. Of the final amount approved, the State will use 3% for program administrative and technical assistance costs.

The State will award any funds that were not awarded in SFY 2019 to grants made under the Community Development Category. Throughout the rest of the year, any funds that are available including funds received due to monitoring findings, recaptures or the return of program income, those funds will be awarded to projects as needed under the Homeless Initiative and Special Projects. Additionally, the State may receive program income from loans made from a CDBG Disaster Grant that was awarded after Hurricane Isabelle.

All funds awarded in excess of the SFY 2020 (FFY 2019) award will be included in the annual Performance Report.

NATIONAL OBJECTIVE AND ELIGIBLE ACTIVITIES

Title I of the Housing and Community Development Act of 1974 requires that any project funded with Community Development Block Grant funds must meet a national objective and the activities must be eligible. There are three national objectives: 1) benefit to persons of low and moderate income (LMI); 2) prevention or elimination of slum and blight; or 3) meet an urgent need that is an immediate threat to community health, safety or welfare. Though discussed below, additional information about meeting national objectives are found in the section entitled “CDBG Income Determination and Qualification.”

NATIONAL OBJECTIVE

Benefit to LMI Persons Thru Area Benefit Activities – For projects that benefit an entire town/city or a primarily residential service area, neighborhood or street that has an LMI population that is 51% or greater. Examples include: construction of new water or sewer service, installation of sidewalks, construction of flood and drainage improvements, and construction or renovation of a community center.

Benefit to LMI Persons Thru Limited Clientele Activities – For projects that benefit LMI persons that are “presumed” to be LMI or are qualified based on data about family size and income. Examples include: construction of senior centers, renovation of Head Start centers, ADA improvements to public buildings or streets, construction or renovation of housing for disabled adults, and operating costs for a new homeless shelter.

PRESUMED CLIENTELE:

The following clientele are presumed by HUD to be of low and moderate income:

- ***Abused children***
- ***Homeless persons***
- ***Elderly persons***
- ***Persons living with AIDS***
- ***Battered spouses***
- ***Migrant farm workers***
- ***Adults meeting the Census definition of severely disabled adults***

Benefit to LMI Persons Thru Housing Activities – For projects that benefit an LMI household that is qualified based on data about household size and income. Examples include: construction of new rental housing, renovation and resale of housing units, single family housing rehabilitation, household connections to new water or sewer services, and downpayment assistance for LMI homebuyers.

Benefit to LMI Persons Thru Job Creation Activities – For projects that result in the creation of new jobs and at least 51% of the created jobs are taken by LMI persons. Examples include:

construction of infrastructure to support a new business, extension of rail service to an industrial park, building improvements, and acquisition of manufacturing equipment.

Benefit to LMI Persons Thru Job Retention Activities – For projects that result in the retention of jobs and at least 51% of the retained jobs are held by LMI persons. Use of this objective requires evidence that permanent jobs would be lost without CDBG assistance. Examples include: construction or extension of utilities, building construction, construction or improvements of public infrastructure, and acquisition of a building.

Prevention or Elimination of Slum and Blight on A Spot Basis

Prevention or Elimination of Slum and Blight on An Area Basis

Meeting an Urgent Need – For projects that pose a serious and immediate threat to the health and welfare of a community, are of recent origin, and other funding sources are not available.

Applicants seeking funds for projects that would meet the national objective of meeting an urgent need must contact CDBG program staff to determine if their proposed project qualifies. If it is determined that it qualifies, the application would be considered for funding under the Special Projects category. Supplemental pages would be provided for an applicant to complete regarding urgent need projects.

ELIGIBLE ACTIVITIES

Activities assisted under the State CDBG program may include the following as defined more specifically in Section 105(a) of Title I of the Housing and Community Development Act of 1974 (“HCD Act of 1974”), 42 U.S.C. § 5305(a), as amended. More detailed information may be found in the HUD Guide to National Objectives and Eligible Activities (State and Small Cities Program) which is available on the HUD Exchange website.

- A. Acquisition of real property.
- B. Acquisition, construction, reconstruction, or installation of public works facilities.
- C. Code enforcement in deteriorating areas.
- D. Clearance, demolition, removal, reconstruction, and rehabilitation of buildings and improvements.
- E. Removal of material and architectural barriers which restrict mobility and accessibility of elderly or handicapped persons.
- F. Provision of a new or quantifiable increase in a public service.
- G. Payment of the non-federal share required in connection with a federal grant-in-aid program undertaken as part of the program.
- H. Relocation payments for displaced individuals, families, businesses, organizations and farm operations.
- I. Planning.
- J. Payment of reasonable administrative costs.
- K. Assistance including loans and grants for activities carried out by public or private nonprofit entities, including:
 - 1. acquisition of real property;
 - 2. acquisition, construction, reconstruction, rehabilitation, or installation of:
 - a. public facilities (except for buildings for the general conduct of government), site improvements, and utilities;

- b. commercial or industrial buildings or structures.
- 3. planning.
- L. Assistance to neighborhood-based non-profit organizations, local development corporations, and nonprofit organizations serving the development needs of communities of non-entitlement areas or entities organized under Section 301(d) of the Small Business Investment Act of 1958, 15 U.S.C. § 681(d), to carry out a neighborhood revitalization or community economic development or energy conservation project.
- M. Activities necessary to the development of energy use strategies related to the recipient's development goals.
- N. Provision of assistance to private for-profit entities, when the assistance is appropriate to carry out an economic development (ED) project.
- O. Rehabilitation or development of housing assisted under former Section 17 of the United States Housing Act of 1937, 42 U.S.C. § 1437.
- P. Housing services such as housing counseling, energy auditing, preparation of work specifications, loan processing, inspections, tenant selection, management of tenant based rental assistance.
- Q. Direct assistance to facilitate and expand homeownership among LMI persons.

INELIGIBLE ACTIVITIES:

Per federal regulations, the following activities are ineligible for funding: Improvements to buildings (with exception of ADA) used for the general conduct of government such as city halls, county administration buildings, and police stations; political activities; furnishings; and operations, maintenance, or repair of public facilities and works.

ELIGIBILITY REQUIREMENTS

To be eligible for CDBG funding, each application submitted for funding must meet the following eligibility requirements:

- The applicant is an eligible non-entitlement jurisdiction which is a municipal government with a population under 50,000 or a county government with a population of less than 200,000 (this count excludes HUD entitlement jurisdictions within the county);
- The proposed activities are eligible under Title I of the Housing and Community Development Act of 1974, as amended;
- The proposed project meets a national objective as required under 24 CFR Part 570;
- The proposed (if any) subrecipient, developer or business is eligible;
- The project is located in a Priority Funding Area, except for public services; single family housing rehabilitation; acquisition, renovation and sale of existing houses; downpayment assistance or where the Secretary of DHCD determines that the project is necessary to protect public health, to alleviate personal economic hardship in an emergency situation, to promote economically integrated housing, is consistent with an overall economic development strategy, or where an exception is necessary and has been granted through the Maryland Department of Planning exception process.

A municipal or county government may submit an application on behalf of a subrecipient, housing developer or business *if they choose to do so*. It is recommended, but not required, that municipalities and counties develop written policies which outline their processes to determine if they would submit a CDBG application on behalf of another entity. The jurisdiction is expected to conduct a risk analysis to review and evaluate the financial and administrative capacity of the subrecipient, housing developer or business to manage and complete a project. This should also include a determination that they will be able to support the operations of requested facility, housing, or services to be provided as required by the CDBG Program.

Eligible subrecipients include:

- governmental agencies such as housing authorities or, in the case of a County, it could be a municipality;
- non-profit organizations that are corporations, associations, agencies or faith-based organizations with non-profit status under the IRS Section 501(c)(3); and
- community based development organizations (CBDOs).

Eligible non-profit organizations must have specific information in their organizational by-laws and mission statements that clearly state they primarily serve persons who are of low and moderate income and/or a specific population that is eligible for CDBG assistance.

Eligible housing developers are those that are not-for-profit organizations and, in some instances, for-profit entities working with non-profit partners. Applicants should refer to the HUD Guide to National Objectives and Eligible Activities or consult with CDBG staff for additional information related to activities that benefit for-profit developers.

Eligible businesses are for-profit corporations that are in “Good Standing” in the State of Maryland. Note that job training is a service that could be undertaken by a non-profit organization.

If funded, the grantee will be required to execute either a Subrecipient Agreement, a Developer Agreement or a Jobs Agreement with the specific entity. These agreements bind them to the requirements and policies of the CDBG program and the grantee.

INELIGIBLE COSTS:

Though eligible per regulations, the State chooses not to provide funding for General Administrative Costs of a grantee or for Indirect Costs which support administrative costs for subrecipients.

PROGRAM REGULATIONS, REQUIREMENTS AND POLICIES

Grants must be implemented in compliance with the requirements found in the HCD Act of 1974, the CDBG program regulations found in 24 CFR 570, other federal regulations, and state policies and procedures. While most are not applicable until a project is funded and underway, some

have to be considered when submitting an application for funding as they may impact cost, schedule, staffing, etc. The most notable are listed below:

1. Acquisition - Uniform Relocation Act – Grantees must comply with the Uniform Relocation Assistance and Real Property Acquisition Policies Act of 1970 (49 CFR Part 24) when acquiring property and permanent easements that are required for a project, or when residents or businesses are displaced as a result of a project. Additional regulations regarding relocation of displaced persons or businesses are found in 24 CFR Part 42 and Section 104(d) of the HCD Act.

2. Audits – If a grantee spends more than \$750,000 of federal funds from any source during their fiscal year, they are required to have a Single Audit prepared in conformance with the Uniform Administrative Requirements, Cost Principles and Audit Requirements for Federal Awards (2 CFR Part 200).

3. Conflict of Interest - Grantees must comply with federal Code of Conduct or Conflict of Interest Standards found in 2 CFR Part 200 and 24 CFR Part 570.489 which includes having a written policy. Additionally, State of Maryland law requires local governments to adopt conflict of interest restrictions and financial disclosure requirements for local elected officials and candidates that are at least as stringent as the requirements for public officials contained in the Public Ethics Law. More information regarding the Local Government Ethics Law can be found at COMAR, Title 19A, Subtitle 04, Local Government Ethics Law. *Note that those exempt from this requirement under the State of Maryland law must still comply with federal requirements.*

4. Environmental Review – Grantees must comply with the National Environmental Policy Act of 1969 and other federal laws which are specified in 24 CFR Part 58. This review must be completed prior to the initiation of project activities regardless of the funding source. A project is defined as the sum of all elements or activities, not just those funded with CDBG. No activities are to begin until a Release of Funds has been issued by the CDBG Environmental Officer.

5. Fair Housing and Equal Opportunity – Grantees must demonstrate their compliance with numerous federal laws, regulations, and Executive Orders as a recipient of a CDBG award and in their general conduct of operating a government. The most relevant regulations are related to non-discrimination when using HUD funding programs; non-discrimination and equal opportunity in housing; non-discrimination on the basis of race, color, religion, sex, national origin, handicap or familial status in programs and activities receiving or benefiting from federal assistance; and employment and contracting opportunities for lower income persons or minority businesses. The grant agreements issued for funded projects will identify all that apply and the specific requirements. Note that these requirements must be met by subrecipients, developers and businesses too.

6. Fair Housing and Equal Opportunity – Disadvantaged Businesses – When procuring construction or services, grantees are to take affirmative steps to solicit bids from minority owned businesses (MBE) and women owned businesses (WBE).

7. Fair Housing and Equal Opportunity - Section 3 – When procuring construction or services when it is anticipated that the contracts will exceed \$100,000, grantees must comply with Section 3 of the HCD Act of 1968 which requires that employment and other economic opportunities be made available to low and very low income persons.

8. Financial Management - Grantees must comply with appropriate sections of 2 CFR Part 200, 24 CFR 570.489 and State regulations and requirements in the financial management of their federal grant. CDBG funds should only be spent on costs that are deemed as “reasonable and necessary.” *The CDBG Program Financial and Procurement Manual* will provide additional information.

9. Generators – If CDBG funds are used for acquisition, construction or renovation of multi-family rental housing developments or facilities owned by the government, such as senior centers, community centers or other multi-use building, then grantees, subrecipients or developers must install generators. The generator should have sufficient capacity to power, at a minimum, lighting in common areas.

10. Housing - Broadband – Per revisions to 24 CFR Part 570.482, the use of HUD funding for the construction or substantial rehabilitation of a building with more than 4 rental housing units requires the installation of broadband infrastructure to provide access to internet connections in individual housing units. It must meet the definition of “advanced telecommunications capability” determined by the Federal Communications Commission under Section 706 of the Telecommunications Act of 1996.

Substantial rehabilitation is defined as: 1) complete replacement of the electrical system or other work for which the pre-construction cost estimate is equal to or greater than 75% of the cost of replacing the entire system in the building undergoing rehabilitation; or 2) rehabilitation of the building undergoing rehabilitation where the pre-construction estimated cost of the rehabilitation is equal to or greater than 75% of the total estimated cost of replacing the housing after the rehabilitation has occurred. The replacement cost is for the building undergoing rehabilitation only.

Exceptions may be granted by the State if it is determined: 1) the location of the new construction or substantial rehabilitation makes installation of broadband infrastructure infeasible; 2) the cost of installing broadband infrastructure would result in a fundamental alteration in the nature of its program or activity or is an undue financial burden; or 3) the structure of the housing to be substantially rehabilitated makes installation of broadband infrastructure infeasible.

11. Housing – Fair Market Rents - Per 24 CFR Part 570.483(b)(3), the rents charged for rental properties assisted with CDBG funding must be affordable. When funded, a grantee must adopt and make public its standards for determining “affordable rents.”

For projects assisted with other state and/or federal affordable housing funding, the contract rents for those units may not exceed the Fair Market Rents established annually for the county by HUD or the rent standards published by the state or federal funding agencies. The rents for these units must remain affordable for the defined term required by the other funding source or the term set forth below, whichever is greater.

For projects that do not include other state and/or federal affordable housing funding, the contract rents for those units may not exceed the Fair Market Rents established annually for the county by HUD. The rents for these units must remain affordable for the defined term set forth below.

The CDBG grantee shall enforce this requirement with a lien or other legal mechanism between themselves and the developer of the property, if applicable. The terms shall be no less than:

FUNDING AMOUNT	LENGTH OF TERM
Up to \$400,000 in CDBG funds	10 years after occupancy date
Between \$400,001 and \$600,000 in CDBG funds	15 years after occupancy date
Above \$600,001 in CDBG funds	20 years after occupancy date

Rents may be increased on an annual basis at the time of lease renewal consistent with changes in the rent standard for the project, but in no case, will the project owner be required to reduce rents. Rents must be checked annually by the grantee.

12. Housing - Homeownership Requirements – When using CDBG funds in conjunction with any homeownership activities: 1) no subprime mortgages are allowed for persons acquiring the houses; 2) no adjustable rate mortgages are allowed for persons acquiring the houses; 3) mortgages must be for a fixed rate for a minimum of 30 years; and 4) a minimum of 8 hours of housing counseling from a HUD approved housing counseling agency is required for persons acquiring the houses.

13. Housing – Housing Rehabilitation Program Policy – The CDBG Program has policies that must be followed when using funds for single family housing rehabilitation programs. In general, all housing must be improved and meet local livability code requirements or housing quality standards upon completion of improvements. Grantees are allowed to use funding for emergency repairs if this is an approved activity in their grant agreement. Upon approval of funding, local program policies must be submitted and approved to ensure that all current federal and state policies and requirements are included. Grantees may provide a maximum of \$30,000 as a grant per house. There is no maximum loan amount. Additional policies and specific information about lead-based paint can be found in Exhibit M.

Note that these requirements do not apply for utility connections as part of a water/sewer project.

14. Housing - Housing Rehabilitation Program Restriction – The CDBG Program will only accept applications for housing rehabilitation programs from county governments. The exceptions to this restriction are active municipal programs with open or recent CDBG housing rehabilitation grants and in instances where a municipality is the applicant but the activities are to be administered by the county government.

15. Housing – Loans - If it is the intention of the applicants to use all or any portion of CDBG funding as a loan to a subrecipient or developer, the terms and requirements must be submitted with an application for funding and approved by the CDBG Program Office. As a reminder, any loan funds received by a grantee are considered Program Income and must be returned to the State or used for an approved re-use. The State reserves the right to cancel or alter approved Program Income Plans based on performance of a grantee, subrecipient or developer.

16. Housing - Rental Housing Restrictions – When using CDBG funds for the development or renovation of rental housing, the use of CDBG funding is restricted to: 1) the acquisition of land in compliance with 49 CFR Part 24 and must be acquired after the CDBG funds are awarded; 2) construction activities that are competitively procured after the CDBG funds are awarded using the CDBG procurement policy; or 3) procurement of construction materials using the CDBG procurement policy.

17. Insurance - Flood – Flood insurance is required for all buildings acquired, rehabilitated or renovated, including housing, that are located in the floodplain. The grantee is required to ensure that subrecipients, developers, businesses and homeowners maintain sufficient replacement

insurance. Files must contain appropriate documentation. Insurance is to be maintained for the term of use, lien period, or loan term. This does not apply to recipients of funds for utility connections. Failure to enforce the flood insurance requirement will result in repayment of all CDBG funds used for that building.

18. Insurance – Homeowner or Building – Homeowner or building insurance is required for all buildings acquired, constructed or renovated with CDBG funds. The grantee is required to ensure that subrecipients, developers, businesses and homeowners maintain sufficient replacement insurance. Files must contain appropriate documentation. Insurance is to be maintained for the term of use, lien period, or loan term. This does not apply to recipients of funds for utility connections. Failure to enforce the insurance requirement will result in repayment of all CDBG funds used for that building.

19. Labor - Davis Bacon and Related Acts – Funded CDBG projects that result in construction contracts that exceed \$2,000 are subject to the federal Davis-Bacon Act, the Contract Work Hours and Safety Standards Act of 1962, and the Fair Labor Standards Act. This does not apply to the rehabilitation of residential structures designed for less than eight units when completed.

20. Labor – Force Account - Grantees may use costs associated with Force Account labor, which is undertaken by employees of the jurisdiction, as leverage for a CDBG funded project. Costs must be documented using guidance and materials provided by the State.

21. Lead Paint – Grantees must comply with 24 CFR Part 35 and 40 CFR Part 745 when undertaking renovation, repair or painting activities that disturb painted surfaces in houses, buildings converted into housing, homeless shelters, and several other types of projects in buildings that were built before 1978. As of April 22, 2010, work performed as identified in the regulations must be completed by certified firms using certified renovators and workers trained in lead-safe work practices established by the Environmental Protection Agency. Additional information about impacted projects and processes can be found in Exhibit N.

22. Maintenance Plans – If CDBG funds are used for acquisition, construction or renovation of public facilities, multi-family rental housing developments or infrastructure projects, grantees must provide an acceptable maintenance plan to be approved prior to completion of construction or activity. The plan must outline steps to be taken to ensure that maintenance is a priority of the project constructed with federal funds. This would include inspection schedules and scope of work to be undertaken if there is a warranty, annual inspections and reports, documentation of maintenance actions, etc. Grantees must also identify how funding for short-term and long-term maintenance and replacement costs will be addressed.

23. Manufacturing Equipment – If CDBG funds are used for the acquisition of manufacturing equipment for an economic development project, the grantee must secure the equipment with a lien or other mechanism to ensure that it is not sold or removed by the business prior to the end of the retention period and closeout of the grant.

24. Preliminary Engineering – If an applicant receives funding for preliminary engineering for infrastructure projects, they must comply with U.S. Department of Agriculture's preliminary engineering requirements (PER) if they are planning on seeking construction funding from CDBG, USDA or the Maryland Department of the Environment.

25. Procurement - Grantees are to comply with requirements and processes as identified in the *CDBG Program Financial and Procurement Manual* for all procurement activities. The use of the

same policy by all grantees ensures compliance with appropriate sections of 2 CFR Part 200, 24 CFR 570.489 and State regulations and requirements when purchasing materials, products or services with federal funds.

26. Program Income - Program Income is defined as gross income received by the grantee, subrecipient, developer or business directly generated from the use of CDBG funds. The State chooses to classify all funds received as program income and does not recognize the \$35,000 limit identified in the regulations. Program Income includes, but is not limited to, the following:

- proceeds from the disposition by sale or long term lease of real property purchased or improved with CDBG funds;
- proceeds from the disposition of equipment purchased with CDBG funds;
- gross income from the use or rental of real or personal property acquired by the recipient or a subrecipient with CDBG funds, less the costs incidental to the generation of the income;
- gross income from the use or rental of real property owned by the recipient or a subrecipient that was constructed or improved with CDBG funds, less the costs incidental to the generation of the income;
- payments of principal and interest on loans made using CDBG funds;
- proceeds from the sale of loans made with CDBG funds;
- proceeds from the sale of obligations secured by loans made with CDBG funds;
- interest earned on funds held in a revolving loan fund account;
- interest earned on program income pending disposition of the income; or
- funds collected through special assessments made against properties owned and occupied by households not of LMI, where the assessments are used to recover all or part of the CDBG portion of a public improvement.

All funds must be returned to the State unless the grantee has an approved *Program Income Re-Use Plan*. The State may use 3% of any program income returned to the State during the program year for administration and technical assistance.

A *Program Income Re-Use Plan*, which includes a description of the proposed method to manage the funds and the capacity of the grantee to comply with State and federal regulations, must be submitted as part of the application and approved by DHCD, depending on the category. The decision to permit retention of program income by the grantee will be made on a case-by-case basis. *Program Income Re-Use Plans* are approved for each grant. If there is not an approved *Program Income Re-Use Plan*, program income is to be returned to the State upon receipt.

If a plan is approved, program income may be retained by the grantee provided the grantee pledges its general funds to reimburse the State for any financial liability related to negative findings by the State and/or HUD with regard to the re-use of income. Grantees must also ensure that:

- the program income is targeted for an eligible CDBG activity(s) that meets a national objective and for which DHCD has given approval;
- all applicable compliance requirements are met;
- reporting is accurate; and
- activities are completed in a timely manner.

Typically, program income is targeted for use for the “same activity” which is defined as one with the same purpose and the same location as the activity generating the program income. Grantees will be required to report on activities. Activities funded with program income are

subject to the same reporting and monitoring requirements as other projects.

The State reserves the right to cancel or alter approved *Program Income Re-Use Plans* based on performance of a grantee, subrecipient or developer.

Any program income that is distributed by the State during the period beginning with the date HUD awards the annual grant to the State is considered to be covered by the current Consolidated Plan.

27. Project Administration Costs – All costs supporting project administration or project delivery costs must be documented. Timesheets must be maintained for all persons paid with CDBG funds. The timesheets must reflect actual hours worked on the project. Grantees will be required to document their paid and in-kind costs committed as leverage.

28. Special Assessment/Recovery of Costs – Grantees will not attempt to recover any capital costs of public improvements assisted in whole or part with CDBG funds by assessing any amount against properties owned and occupied by LMI persons. This includes any fee charged or assessment made as a condition of obtaining access to such public improvements. However, if CDBG funds are used to pay the proportion of a fee or assessment attributable to the capital costs of public improvements (assisted in part with CDBG funds) financed from other revenue sources, an assessment or charge may be made against the property with respect to the public improvements financed by a source other than with CDBG funds. In addition, with respect to properties owned and occupied by moderate-income (but not low-income) families, an assessment or charge may be made against the property with respect to the public improvements financed by a source other than CDBG funds if the State certifies that it lacks CDBG funds to cover the assessment.

29. Term of Use - Buildings and Facilities – Buildings and facilities acquired, constructed or renovated with CDBG funds must remain in the approved use for a specific period of time. For a grantee, the “term of use” shall be identified in the grant agreement. For a grant with a subrecipient or business, the grantee shall enforce this requirement with a lien or other legal mechanism between themselves and the subrecipient or business on the property. The term shall be in effect after the occupancy permit is issued. The terms shall be no less than:

FUNDING AMOUNT	LENGTH OF TERM
Up to \$400,000 in CDBG funds	10 years after occupancy date
Between \$400,001 and \$600,000 in CDBG funds	15 years after occupancy date
Above \$600,001 in CDBG funds	20 years after occupancy date

If the term cannot be met, the grantee must contact the CDBG Program to discuss future actions and consequences. Options could include changing the use of the building to one that still meets a national objective or return of funds based on regulatory requirements. All will be considered on case-by-case basis.

During the CDBG Term of Use, the grantee shall not, and shall not allow any subrecipient, developer, or business to (a) create, incur, assume or suffer to exist any mortgage, pledge, security interest, encumbrance, lien, charge, conditional sale or other title retention agreement, or lien of any kind on property or improvements (or any part thereof or income therefrom) acquired or constructed/renovated with CDBG funds; or (b) make, create, permit or consent to any conveyance,

sale, assignment or transfer of the property or improvements (or any part thereof) acquired or constructed/renovated with CDBG funds.

30. Water and Sewer Projects – To meet the national objective for projects involving the construction or extension of water and sewer service, it is mandatory that all households and businesses (if an economic development project) in the service area are connected to the system. The national objective will not be met until all persons, households or businesses are receiving the intended benefit. In the event households refuse to connect, the grantee must document that the households are being charged the monthly cost for the benefit they choose not to use.

The physical connection of households to water and sewer systems is an eligible activity for qualifying LMI households under the national objective of benefit to LMI persons through housing activities. As such, the total household income must be considered and verified to determine the eligibility of the household. Liens are required to protect the benefit.

INELIGIBLE ACTIVITIES:

While eligible for funding under CDBG, the State chooses not to fund the construction or renovation of the following projects:

- ***Fire Stations and related community spaces***
- ***Police Substations***
- ***Libraries***

NEW REQUIREMENTS AND POLICIES FOR 2020

The following new requirements and policies will be in effect for SFY 2020 funded grants. In some cases, depending on the activities, these could be required if amendments for older grants are requested and awarded from these funds.

1. Homeownership Financial Assistance – If CDBG funds are used to provide financial assistance (i.e. downpayment and/or closing costs) to homebuyers, the grantee is required to place a lien on each property which receives assistance. The Grantee is required to use either the following terms or their own terms, whichever are stricter:

- Assistance up to \$10,000 will require a lien placed on the property for five (5) years;
- Assistance above \$10,001 will require a lien placed on the property for ten (10) years.

2. Housing Rehabilitation – Assistance can only be provided to owner-occupants of single family housing units.

3. Housing Rehabilitation - Cost Benefit Determination – Grantees are prohibited from rehabilitating a house if the estimated cost to rehabilitate the house is 50% or greater than the assessed value of the house (improvement) per the most recent State Department of Assessments and Taxation (SDAT) information. Costs related to lead abatement and treatment are to be excluded from the estimate and not considered when making this determination. The State will consider exception requests if there are health and safety issues.

4. Lead-Based Paint Requirements - Due to changes in federal regulations, there are new requirements related to the elimination of lead-based paint hazards for several types of projects.

This information can be found in Exhibit M which is specific to single family housing rehabilitation and in Exhibit N for other types of projects.

5. New Construction Prohibition - In accordance with Executive Order 11988 and 24 CFR Part 55, the State will not fund projects involving new construction in the following areas: special flood hazard areas, 100 year floodplains, regulatory floodways, and coastal high hazard areas.

Projects involving new construction that are located in 500 year floodplains and non-special flood hazard areas could be eligible depending on compliance with 24 CFR Part 55 and Part 58.

New construction activities related to replacement or improvements to existing infrastructure projects are allowed depending on compliance with 24 CFR Part 55 and Part 58.

APPLICATION SUBMISSION

The following regulations, requirements and policies apply to submission of a CDBG application regardless of funding category.

APPLICATION REMINDER:

- (1) No project activities may begin until the Environmental Review Record has been completed and approved;***
- (2) CDBG does not reimburse for costs completed before award has been made; and***
- (3) No procurement is to be undertaken for contracts that will include CDBG funds until award has been made.***

1. Citizen Participation Requirements – Governments must comply with citizen participation requirements when seeking CDBG funding and implementing CDBG funded projects. The State requires a jurisdiction to adopt and maintain a written *Citizen Participation Plan* (a sample which includes the minimum required language is attached as Exhibit B) which outlines and describes their efforts in soliciting citizen input and responding to concerns and questions.

A jurisdiction's *Citizen Participation Plan* is effective for a five year period. The plan must be current at the time of application. If it is not current or the applicant does not have one, the applicant must adopt and submit a new plan with their application.

2. Public Hearing - A jurisdiction is to conduct at least one public hearing prior to submission of an application for a CDBG project. Failure to conduct the hearing as required will result in the rejection of the application as it will not be in compliance with Citizens Participation requirements.

Hearings must take place in conjunction with a regularly scheduled meeting of the elected public officials of the municipality or county that is submitting the application(s). At the hearing, the jurisdiction should discuss local community development, economic development and housing needs. While the hearing allows for a jurisdiction to seek input on proposed activities, it should allow for input from the community as to other needs that could be considered.

The public hearing notice must be published in a local newspaper at least five (5) days prior to the date of the hearing. A sample notice is attached as Exhibit C and it includes the *minimum*

language required. Additionally, the jurisdiction should seek to notify the public with other means such as cable television, posted notices in public places, notices in other local publications, newsletters, government website, etc. The jurisdiction should encourage participation of potential or actual beneficiaries of a project and make accommodations for the disabled.

Public hearings shall be conducted in a manner to meet the needs of non-English speaking residents where a significant number of non-English speaking residents can reasonably be expected to participate.

A copy of the meeting minutes and the hearing notice must be submitted with the application.

3. Public Review of Application – The public should have the opportunity to review and comment on a draft of the completed application before it is submitted to the State. In the public hearing notice, the applicant must provide the anticipated date the draft application(s) will be available for review as well as the location where it can be found.

4. Local Resolution - The legislative body of the jurisdiction must pass a resolution authorizing submission of the application, the specific project(s) and the specific amount of funds being requested. The resolution must authorize the application in an amount equal to or greater than the amount requested in the application(s). The resolution must also acknowledge that the signers understand that repayment of grant funds could be required if the application is funded and the project is not completed or does not meet a CDBG national objective.

If submitting more than one application, the resolution should identify the specific projects and the amount of each project. If the amount identified in a resolution is less than what is identified in the application, the CDBG staff will review the application to determine if it should be accepted, as only the amount authorized in the resolution can be considered. In some cases, the dollar difference may be minimal and not impact the undertaking of the application activities. Applications with this issue will be reviewed on a case-by-case basis. Resolutions passed for previously submitted CDBG applications are not valid and will not be accepted. (A sample of an acceptable resolution is attached as Exhibit D)

A copy of the resolution must accompany the application or the application will not be reviewed.

5. Residential Anti-Displacement and Relocation Assistance Plan – The State requires jurisdictions to adopt and maintain a written *Residential Anti-Displacement and Relocation Assistance Plan* (a sample which includes the minimum required language is attached as Exhibit E). While a jurisdiction should make every effort to minimize the displacement of persons or businesses when using CDBG funds, this plan will describe what the jurisdiction will do in the event that it does occur.

Section 104(k) of the HCD Act of 1974, 42 U.S.C. § 5304(k), requires that reasonable relocation assistance be provided to persons displaced as a result of the use of CDBG assistance to acquire or substantially rehabilitate property. Section 104(d) of the HCD Act of 1974, as amended, 42 U.S.C. § 5304(d), requires one-for-one replacement of all low and moderate income dwelling units housing the same number of occupants as could have been housed in the units demolished or converted to another use as a result of CDBG assistance.

A jurisdiction's *Residential Anti-Displacement and Relocation Assistance Plan* is effective for a five year period. The plan must be current at the time of application. If it is not current or the applicant does not have one, the applicant must adopt and submit a new plan with their

application. Please note that a specific plan will be required for approved grants with projects which will actually result in displacement.

6. Submission By A County For Project in Municipality - A county may submit applications on behalf of municipalities. In such instances, the municipality may not submit a separate application for the same project. The applicant assumes overall responsibility for ensuring that the entire project will be carried out in accordance with CDBG requirements. The applicant must enter into a legally binding cooperative agreement with the municipality.

7. Program Income - Any gross income that will be derived from the use of CDBG funds is Program Income. It is to be returned to the State unless the re-use of those funds is approved by the State. Applicants must submit a *Program Income Re-Use Plan* with their application requesting approval to retain funds at the local level for the same activities if they anticipate that their project will result in Program Income. Approved plans will be identified in the grant agreement for approved applications. A new *Program Income Re-Use Plan* must be submitted with each application. Jurisdictions wishing to retain income must be willing to pass a resolution to repay from general funds any costs that HUD or the State may disallow as a result of the retention and re-use of program income. See Additional Program Policies and Procedures section of this manual for additional information. (The CDBG Program Income Re-Use Plan is attached as Exhibit F)

Program income must be re-used in a timely manner. If a jurisdiction has a balance of program income at the time of the application, the State may require that it be used as part of the application if it is determined that funds are not being used in a timely manner.

8. Debarment - The applicant is required to complete Debarment Checks on subrecipients, developers or businesses prior to submission of an application. The completed forms do not need to be included with the application unless there is a problem. (Guidance and forms are attached as Exhibit G)

9. Audit – Applicants who have never submitted an application to the CDBG Program must provide a copy of their most recent annual audit and a copy of their most recent single audit, if one was required, with their application.

10. Mission and Bylaws – Subrecipients included in an application must demonstrate that their organization primarily serves persons who are of low and moderate income and/or a specific population that is eligible for CDBG assistance. This should be clearly written in their mission statement and bylaws which should be submitted with the application.

11. Limited English Proficiency – Applicants are to demonstrate that they complied with their Limited English Proficiency Plan if they are an existing grantee or, if new applicant, they researched the available data to determine if any of their outreach efforts required information to be translated into other languages or if other outreach efforts were required. (Applicants are to complete Exhibit K and include it with the application)

12. Policy for New Funds for Previously Assisted Projects - Over the years, DHCD funding through the Division of Neighborhood Revitalization has assisted with the construction and renovation of many building projects around the state. We have always encouraged the use of high quality materials and workmanship. While not mandating, we expected buildings to be maintained to ensure longevity. To that end, as costs increase and funds are limited, we reserve the right to not provide additional funds from the CDBG Program or the State Revitalization

Programs (Community Legacy, Strategic Demolition, CORE, Baltimore Regional Neighborhoods Initiative) for building projects previously assisted.

To assist with our determination, applicants must provide answers to the following questions (Complete Exhibit L) if the application includes construction or renovation to a building previously funded with the identified funding sources:

1. Which program provided previous funding? When? How much was the total award? What were specific uses?
2. Discuss maintenance efforts since building was constructed or renovated.
3. If you are asking to replace building equipment or utilities, what was the warranty on the original equipment? Discuss how it was maintained.
4. What alternatives were considered other than requested activities?
5. Is there debt on the building? If yes, what is the balance owed and the remaining term? Who is the lender?
6. Do you currently set aside funds for short-term and long-term maintenance needs?

In the event this request is funded, maintenance agreements would be required as well as the establishment of maintenance funding accounts.

This policy does not apply to the construction of additions or phases previously not funded.

13. Clearinghouse Submission - Applicants must comply with the Maryland Intergovernmental Review and Coordination Process (COMAR 14.24.04). Simultaneous with the submission of any application for CDBG funding, applicants must submit an electronic copy of a project profile to the Maryland State Clearinghouse. The profile must include a cover form; a summary briefly explaining the nature, purpose, scope and justification for the project; a map of the project location and geographic area to be served; a budget identifying all sources and uses of funds; and staffing for the project. Please note that the submission to the Clearinghouse must be submitted by the government applicant, not the subrecipient, developer or business. Comments from this review will be forwarded to the CDBG program.

Information must be submitted to mdp.clearinghouse@maryland.gov

FUNDING CATEGORIES, RATING AND AWARDS

For funding under all categories, DHCD reserves the right to award less than the requested amount. Funding recommendations and approvals may recommend a decrease to the size, scope and/or costs of the project. A planning grant may be awarded in lieu of requested project funding where further study is deemed necessary.

In addition to the rating and evaluation criteria; CDBG staff, Rating Committees, the Assistant Secretary for Neighborhood Revitalization or the Secretary of DHCD may consider other factors in making funding determinations, including:

- The State's objectives and priorities;
- The availability of alternate or contributing funding sources for the total project or some of its components;
- A reasonable distribution of projects among eligible regions of the State;

- The ability to respond to a locality's special needs;
- The degree of community commitment for the project;
- The previous CDBG investment in a community;
- The ability of applicant, subrecipient, developer or business to borrow funds;
- The commitment and/or input from other funders;
- The cost per person based on the total project cost;
- The amount of CDBG or other DHCD funds awarded for other phases of a multi-phase project; and
- The availability of other resources and/or services in a community.

The State will provide one application to be used for Community Development and Special Projects and one application to be used for the Homeless Initiative.

COMMUNITY DEVELOPMENT CATEGORY

Applications for community development projects are accepted annually on a competitive basis in the spring. The funding round is announced in advance of program opening, and applicants are given a minimum of 45 days to prepare their applications after the application workshop is held. Any funds not awarded in the competition will be added to the other categories.

***Applications Due:
Wednesday, June 5, 2019 by 2:00 p.m.***

For the SFY 2020 competitive application round, the maximum amount an applicant may seek is \$800,000.

Application Submission Information

One original and four copies are due by Wednesday, June 5th by 2:00 p.m. Those received after the designated date and time will be rejected. Applications are to be mailed or hand-delivered to: DHCD, 7800 Harkins Road, Lanham, MD 20706. Attention: CDBG Program.

Applications are evaluated in a three-step process: threshold review, project evaluation, and funding recommendations. At the completion of the threshold review, applicants will be notified by mail if their application(s) will be reviewed. Applications will be rejected if: 1) the application is not complete; 2) the public hearing process was not done correctly; 3) the draft of the application was not available for public review before submission; 4) the application is not received by the established due date; 5) the proposed project and/or activities do not meet the eligibility requirements; or 6) the applicant does not meet established performance thresholds.

Performance Thresholds

There are performance thresholds related to previous CDBG grants that must be met by applicants. Applicants will be evaluated on their management of existing CDBG grants and must be in compliance with financial, reporting, monitoring, and performance requirements as established each year.

1. Financial - Expenditure of certain minimum percentages of previous grants must be met by 5:00 p.m. on Wednesday, May 29th. This will apply to all open Maryland CDBG grants. The required expenditure amount is based on the grant start date and shown below:

Grant Agreement Start Date	Minimum % Required to be Expended
Prior to June 30, 2017	100%
July 1, 2017 to December 31, 2017	75%
January 1, 2018 – June 30, 2018	50%
July 1, 2018 to Present	25%*

**Does not include those awarded in March, April or May 2019*

2. Reporting – Applicants must be current with submission of any reports due to the program for existing grants.

3. Monitoring – Grantees that have grants with open monitoring issues will be reviewed on a case-by-case basis, taking into consideration the significance of the finding(s) or concern(s), the corrective action(s) taken by the grantee or subrecipient, developer or business to resolve the issue(s), and the timeliness of the grantee in responding.

4. Performance – Grantees that have grants that have expended funds but have moved slowly or failed to perform in conformance with their project schedule will be required to submit additional information related to reasons for delays and poor performance as well as a new timeline. The State reserves the right to determine if the response is sufficient.

Waiver requests will only be considered for extenuating circumstances.

Additionally, grantees that have revolving loan funds (RLFs) and program income accounts that were capitalized with CDBG funds will be required to submit information regarding the current fund balance and the most recent activity. This applies to economic development RLFs as well as housing rehabilitation RLFs and program income accounts. Grantees may be required to submit additional information to explain large fund balances and lack of activity. In these instances, the State may take additional actions related to ensuring the grantee utilizes these funds. (The RLF & PI Status Report is attached as Exhibit I)

Project Evaluation

All applications that meet the threshold criteria will be rated and ranked competitively by a review committee composed of Maryland CDBG Program staff and other departmental staff with participation from other government agencies when appropriate. Applicants will be given an opportunity to respond to questions in a timely manner.

Rating is based on a 150-point scale. Point ranges have been established for each criterion to gauge the extent to which the applicant meets the criterion. The following factors will be considered in determining the points assigned. A copy of the rating form may be obtained from the CDBG program staff.

RANKING FACTOR	MAXIMUM POINTS
PUBLIC PURPOSE - Consistency (10) - Severity of Need (30) - Community Support (5)	45 Points
PROJECT IMPACT - Impact on Need (10) - Benefit to LMI Households (15)	25 Points
PROJECT MANAGEMENT - Readiness To Proceed (35) - Accuracy of Costs (10) - Capacity (10)	55 Points
LOCAL COMMITMENT / LEVERAGING - Local Commitment (10) - Debt Service (5) - Leveraging (10)	25 Points
BONUS POINTS	15 Points

Applicants may receive up to 15 bonus points for meeting one or more of the following criteria if sufficiently discussed and/or documented within the application:

1. Project will use innovative materials or methods (2 Points);
2. Project activities include the acquisition and reuse of foreclosed properties (2 Points);
3. Project activities include the replacement of utilities in existing buildings with energy saving materials (2 Points);
4. Project will use green or energy efficient building materials and practices for new construction or renovation (2 Points);
5. Project activities will eliminate impediments to fair housing in the community (2 Points);
6. Project activities will provide benefit to those serving or have served in the U.S. armed forces (2 Points); or
7. Project activities that benefit the homeless (3 Points).

Public Purpose/Local Need (45 maximum points)

Severity of Need (30 maximum points). Based on the information in the application, the degree of distress and examples provided will determine the number of points awarded. Distress factors considered include the quality and quantity of existing facilities, including the need for rehabilitation or replacement, condition description, age, adequacy or absence of facilities, services, housing etc. Up to twenty (20) points are awarded based on the documented need for new or additional services, new or improved facilities, new or improved infrastructure, or new or improved housing. Up to ten (10) points are awarded where existing physical health and safety conditions of buildings or infrastructure are documented. *Please note that documentation in support of the need is the key to receipt of points.*

Community Support and Involvement (5 maximum points). Points are awarded based on evidence and description of current community support and involvement in the project development and implementation. Letters of general support and participation may include local interest of neighborhood groups, local public or non-profit agencies and individuals that might

directly benefit from the project. Even though a public hearing is required, it is not factored into the score.

Consistency with Local Needs/Plans/Strategies (10 maximum points). Points are awarded based on the degree to which the project is specifically identified and is consistent with a locally developed revitalization strategy, capital improvements plan or comprehensive plan (up to 5 points). Relevant sections must be provided with the applications. Up to five (5) points may be awarded for proposed projects and activities that re-use existing buildings and infrastructure.

Project Impact (25 maximum points)

Impact on Need (10 maximum points). Points are awarded based on the extent to which the project will address the needs and alleviate the existing problems described by the applicant.

Benefit to Low and Moderate Income (LMI) Households (15 maximum points). Maximum points will be awarded to projects where there is a direct benefit to LMI households/persons. 10 points will be awarded to projects where there is an area wide benefit to LMI persons. No points will be given for slum/blight projects where there is no benefit to LMI persons, or where benefit cannot be determined. If there is more than one national objective, maximum points will be given for the activity that benefits more people.

Project Management (55 maximum points)

Readiness to Proceed (35 maximum points). Points may be awarded for the extent to which the project is ready to proceed and the implementation schedule is reasonable. The assessment is based on the relative progress of elements such as site control/easements, architectural design or preliminary or final engineering, commitment of other project financing or the development of rehabilitation guidelines. If the applicant is not able to document that other funds are committed, they will not receive any points under this section because the project is not ready to proceed. This category considers the project as a whole but will consider factors such as phases as long as each phase is able to meet a national objective.

For the Community Development competitive round, the schedule should begin with August 1st as the anticipated date of the CDBG award. The Environmental Review Record and Request of Release of Funds must be submitted for approval within 75 days of award. This must be factored into your schedule.

An applicant may receive thirty-five (35) points based on the following factors:

1. Construction Projects: Applicant has completed design and/or engineering, has completed acquisition or will complete if applicable within 90 days (does not include easement acquisition), can bid project within 90 days, and is able to start construction within 120 days.
2. Housing Rehabilitation Projects: Applicant has developed or updated all program materials, selected and completed work write-ups for 30% of properties to be rehabilitated, and can bid work in 60 days.
3. Services/Non-Construction Projects: Applicant can demonstrate that program and/or activities can be implemented within 30 days.

An applicant may receive twenty (20) points based on the following factors:

1. Construction Projects: Applicant has completed design and/or engineering, has completed acquisition or will complete if applicable within 120 days (does not include easement acquisition, can bid project within 120 days, and is able to start construction within 150 days).
2. Housing Rehabilitation Projects: Applicant has developed or updated all program materials, selected and completed work write-ups for 15% of properties to be rehabilitated, and can bid work in 90 days.
3. Services/Non-Construction Projects: Applicant can demonstrate that program and/or activities can be implemented within 60 days.

An applicant may receive ten (10) points based on the following factors:

1. Construction Projects: Applicant will complete design and/or engineering within 90 days of the award, will complete acquisition if applicable, within 120 days, and will bid project within 120 days.
2. Housing Rehabilitation Projects: Applicant has developed or updated all program materials, selected and completed work write-ups for 5% of properties to be rehabilitated, and can bid work in 120 days.
3. Services/Non-Construction Projects: Applicant can demonstrate that program and/or activities can be implemented within 75 days.

No points are awarded if the project is not ready to proceed based on the above criteria or if other funds are not committed.

As the application will be rated on the information found in the schedule identified in Part H of the application, the progress of funded grants will be assessed using this information as well. Failure to meet the schedule as presented will result in the loss of awarded grant funds. Exceptions to this policy will be considered on a case by case basis.

Accuracy of Costs (10 maximum points). Maximum points may be awarded to projects which best document that project costs have been carefully estimated. Estimates should reflect the applicability and impact of Davis-Bacon wage rates, acquisition requirements, relocation or replacement housing requirements. Estimates should be current within six months. Preliminary professional studies, appraisals, tax assessments, wage rate determinations are some examples of acceptable documentation. No points will be awarded if documentation of costs is not submitted.

Administrative Capacity (10 maximum points). Points may be awarded for projects based on the past performance of the applicant, subrecipient or developer with CDBG grants (5 points maximum). Staff will consider previous general grant management, financial management and compliance with meeting a national objective. The adequacy of staff to implement the proposed project based on information in Part G of the application will also be considered (5 points maximum).

Local Commitment and Leveraging (25 points maximum)

Local Commitment (10 maximum points). The Department will consider the extent to which local funds will be contributed to the project. Maximum points (10) may be awarded to applicants whose local contribution exceeds 25% of the total project costs. Local contribution of 15%-24% of

total project costs receives 8 points. Where there is some local contribution but less than 15% of the total project costs, 5 points are awarded. No points will be given where there is no local contribution. All funds must be documented.

Local funds include cash, debt service and any in-kind contributions which materially contribute to the project completion. In-kind contributions must be documented and may include the donation or long term lease of land or buildings, appropriation of local revenues, site improvements or installed infrastructure, deferral of real estate taxes, abatement or payment in lieu of taxes. The contribution may be provided by the local government or directly by subrecipient, developer or business.

Debt Service (5 points). Applications will receive 5 points if the funding sources include loans (including federal and state loans) borrowed specifically for the project that have been secured by the local government, subrecipient, developer or business. Applicants shall provide executed copies of loan documents as evidence. This does not apply to forgivable loans or those that are deferred for an extended period of time.

Leveraging (10 maximum points). The Department will consider the extent to which local and CDBG funds are used to leverage other public and private funds (non-local). Points will be awarded based on the documented commitment of funds specifically identified to supplement CDBG funds. Maximum points (10) will be awarded for projects where 50% or more of the project costs are from sources other than local or CDBG. If less than 50% of the project costs are from sources other than CDBG and the locality, five (5) points are awarded. The application will receive no points for leveraging if other funding sources are available but are not sought or approved. Leveraged funds include other public or private grant funds and individual or corporate donations.

Funding Recommendations

The highest rated applications are recommended for funding until the available funding for the round are exhausted or the next highest rated project requests more funds than are available and the project cannot be phased. In that case, the next highest scoring project may be funded. In case of a tie score, the application with the highest combined score on Public Purpose/Local Need and Project Management is funded first. The Maryland CDBG program has established a minimum point standard of 105 (70%). Applications that receive less than 70% of the total points are generally not recommended for funding. As noted at the beginning of this section, the State may consider other factors when making awards. In these cases, the other factors will be documented in the State's records.

The recommendations of the Rating Committee for both approval and rejection of applications are reviewed by the Assistant Secretary for Neighborhood Revitalization and presented to the Secretary of DHCD for final approval.

Awards are expected to be announced within approximately 90 days of the application submission deadline.

SPECIAL PROJECTS CATEGORY

Under the Special Projects Category, funds are set aside to fund special projects, planning activities and economic development projects. There are specific criteria and requirements required for each type of project. All applications will be considered on a “first-come, first-serve” basis once received and determined to be complete. Funds will not be “held” or “reserved” for applicants in the process of submitting an application or submitting materials to complete their application.

Grantees that have revolving loan funds (RLFs) and program income accounts that were capitalized with CDBG funds will be required to submit information regarding the current fund balance and the most recent activity. This applies to economic development RLFs as well as housing rehabilitation RLFs and program income accounts. Grantees may be required to submit additional information to explain large program income balances and lack of activity. In these instances, the State may take additional actions related to ensuring the grantee utilizes these funds. (The RLF & PI Status Report is attached as Exhibit I).

Applicants must submit one original and two copies when applying for Special Projects funds. Applications are to be mailed or hand-delivered to: DHCD, 7800 Harkins Road, Lanham, MD 20706, Attention: CDBG Program.

Special Projects

Special Projects applications are those submitted after the annual competitive round has been completed. They are for projects that have become a high priority based on an opportunity or due to a critical or time sensitive need. Applicants must consult with CDBG Program staff and receive written approval to submit an application. Staff will consider whether the proposed project would meet a CDBG national objective, be eligible under the program, be able to be implemented in a timely manner, and if it meets one of the State’s program objectives. Additionally, performance related to existing grants, if any, will be considered by staff in addition to CDBG eligibility requirements when making approvals. The maximum amount an applicant may seek is \$800,000.

A threshold review will be conducted to determine if the application is complete, the requested project will meet a CDBG national objective, and specific activities are eligible. Applications will be rated using the same rating factors used for the Community Development category. The minimum point standard of 105 points applies to Special Projects applications.

The State may also use funds from this category to fund requests for additional funding for existing grants for a variety of reasons. If the request is due to a shortfall for a previously funded project, additional funds will only be considered if there are extenuating circumstances surrounding the shortfall. If the amount needed is greater than \$75,000, grantees must apply for funding through the next Community Development application round unless it is determined that timing is critical. Grantees must provide a written explanation of the reasons for the shortfall, including:

1. the reasons for the request for additional funds;
2. verifiable documentation of a significant increase in beneficiaries;
3. proof that all alternate funding sources have been exhausted; and
4. documentation of any negative impact on the community if the project is not completed.

Within thirty days of the threshold review approval, a recommendation is made to the Assistant Secretary for Neighborhood Revitalization and to the Secretary of DCHD for final approval.

Planning

Planning activities are eligible for CDBG funding. Applicants may seek up to \$50,000 for planning grants. A match is required but no more than 5% can be in-kind. Applicants must consult with CDBG Program staff and receive written approval to submit an application. Staff will consider whether the proposed project would meet a CDBG national objective, be eligible under the program, be able to be implemented in a timely manner, and if it meets one of the State's program objectives. Additionally, performance related to existing grants, if any, will be considered by staff in addition to CDBG eligibility requirements when making approvals.

A threshold review will be conducted to determine if the application is complete, the requested project will meet a CDBG national objective, and specific activities are eligible. Applications will be rated using the same rating factors used for the Community Development category. The minimum point standard of 105 points applies to Planning applications.

Planning activities are traditional planning activities such as comprehensive plans, community development plans, downtown studies, and capital improvements plans. Additional planning activities include feasibility studies, preliminary engineering, preliminary design, and building condition studies. Projects are qualified based on national objective eligibility.

Within thirty days of the threshold review approval, a recommendation is made to the Assistant Secretary for Neighborhood Revitalization and to the Secretary of DHCD for final approval.

Economic Development

Funding may be used for a variety of economic development activities which support local economic development initiatives either by direct public improvements to facilitate new business and/or industry or through direct assistance to businesses. Applicants must consult with CDBG Program staff and receive written approval to submit an application. Staff will consider whether the proposed project would meet a CDBG national objective, be eligible under the program, be able to be implemented in a timely manner, and if it meets one of the State's program objectives. Additionally, performance related to existing grants, if any, will be considered by staff in addition to CDBG eligibility requirements when making approvals. The maximum amount an applicant may seek is \$800,000.

A threshold review will be conducted to determine if the application is complete, the requested project will meet a CDBG national objective, and specific activities are eligible. Applications will be reviewed and rated using factors described later in this section.

Applications for speculative projects where no business(s) has committed in writing to participate with creation of jobs as required by the CDBG Program are not eligible for funding per State policy.

The State will accept funding for the following economic development projects:

1. Job Creation – If the applicant is seeking funds to assist an identified business in a project that results in job creation, 51% of all jobs created must be taken by LMI persons. All jobs must be permanent, full-time jobs. The job counting begins once the grant activities are completed. Additionally, the State may impose a retention period for the jobs once created.

The business must provide a written commitment to meet the CDBG job creation standard of creating a specific number of jobs of which 51% or more of them will be taken by persons of low and moderate income. This must be provided with the application. Other application submission materials are described below and within the application document.

2. Job Retention - If the applicant is seeking funds to assist an identified business with job retention, there must be clear and objective evidence that permanent, full-time jobs will be lost without the CDBG assistance. Applications must include:

- evidence that the business has issued a notice to affected employees or made a public announcement to that effect; or
- analysis of relevant financial records which clearly and convincingly shows that the business is likely to have to cut back employment in the near future without the planned intervention.

The business must provide a written commitment to meet the CDBG job retention standard of retaining 51% or more of an agreed upon number of employees that are of low and moderate income at the time of the CDBG assistance. This must be provided with the application. Other application submission materials are described below and within the application document.

Applicants must provide the following information on the business to be assisted. If more than one, please provide information for each.

1. Name of Business
2. Ownership of Business
3. Business Management
4. Company History including start-up date, type of operation, progress and number of employees to date
5. Current Location(s)
6. Product Line or Service
7. Discuss their market area(s) including geography, major customers and other characteristics
8. Certificate of Good Standing from the State of Maryland if an existing business.

For projects which provide CDBG assistance as a financing measure to profit making businesses, discuss the need for financial assistance. Attach three years of historical financial statements and personal financial statement for principal owner(s) and a five year pro-forma. Explain the basis for requesting assistance (e.g., gap financing). Additional financial information may be requested.

Applications will be reviewed and considered based on the following:

1. Costs – All costs must be reasonable and necessary.
2. Leverage – All applications must include the leveraging of other funds. Those applications providing 50% or more of other funds will be provided maximum consideration. In-kind services cannot exceed 10% of the total budget.

3. Readiness to Proceed – Maximum consideration will be given to: 1) applications for construction activities which are able to be bid within 90 days and to start construction within 120 days; or 2) applications for acquisition of land or relevant equipment to be acquired within 120 days.
4. Administrative Capacity - The staffing plan must be sufficient to administer the grant activities.
5. Past Performance - The past performance of the applicant with CDBG grants will be considered with respect to general grant management, financial management and compliance with meeting a national objective.
6. Outcomes – Maximum consideration will be given to those projects that create or retain a high number of jobs.
7. Cost Per Job – The cost per job must not exceed \$20,000. Maximum consideration will be given to those applications where the cost per job does not exceed \$10,000.

Projects may be subject to Public Benefit Standards and Underwriting Guidelines. It depends on the structure of the application.

There is a prohibition on the use of CDBG funds for job-pirating activities. Specifically, funds cannot be used to as an incentive for a business to relocate to another community.

The following types of businesses are not eligible for assistance with CDBG funds: adult bookstores, video shops or other adult entertainment facilities, check cashing facilities, gambling facilities, gun shops, liquor stores, massage parlors, medical marijuana production or distribution businesses, pawn shops, tanning salons, or tattoo parlors. Additionally, assistance to a professional sports team or a privately-owned recreational facility that serves a predominantly higher-income clientele where the recreation benefit to be derived by users or members clearly outweighs the employment of or other benefits to low and moderate income persons is also prohibited.

Within thirty days of the threshold review approval, a recommendation is made to the Assistant Secretary for Neighborhood Revitalization and to the Secretary of DHCD for final approval.

HOMELESS INITIATIVE

Using a competitive process, the State will award funds under the Homeless Initiative for projects benefitting homeless persons. Eligible projects are:

- Acquisition, construction or renovation of housing units to be used for transitional or rapid re-housing;
- Construction or renovation of shelters; and
- Operating costs if the applicant can demonstrate there is a quantifiable increase in the level of services.

A written reminder notice of funding availability will be mailed to eligible county and municipal governments on July 1, 2019. The specific application for this category will be posted on the DHCD website on July 1, 2019.

**Applications Due:
Friday, September 13, 2019 by 2:00 p.m.**

For the SFY 2020 competitive Homeless Initiative, the maximum amount an applicant may seek is \$800,000.

Applications will be due on September 13, 2019 by 2:00 p.m. Applicants must submit one original and two copies when applying for the Homeless Initiative. Applications are to be mailed or hand-delivered to: DHCD, 7800 Harkins Road, Lanham, MD 20706, Attention: CDBG Program.

Grantees that have revolving loan funds (RLFs) and program income accounts that were capitalized with CDBG funds will be required to submit information regarding the current fund balance and the most recent activity. This applies to economic development RLFs as well as housing rehabilitation RLFs and program income accounts. Grantees may be required to submit additional information to explain large program income balances and lack of activity. In these instances, the State may take additional actions related to ensuring the grantee utilizes these funds. (The RLF & PI Status Report is attached as Exhibit I).

A threshold review will be conducted to determine if the application is complete, the requested project will meet a CDBG national objective, and specific activities are eligible. Additionally, staff will consider performance, as described under the Community Development Category, related to existing grants, if any, to evaluate the capacity of an applicant to administer an additional grant.

Applications will be rated using the same rating factors used for the Community Development category except no bonus points will be awarded specifically for homeless projects. The highest rated applications are recommended for funding until the available funding for the round are exhausted. In case of a tie score, the application with the highest combined score on Public Purpose/Local Need and Project Management is funded first. The Maryland CDBG program has established a minimum point standard of 105 (70%). Applications that receive less than 70% of the total points are generally not recommended for funding. As noted at the beginning of this section, the State may consider other factors when making awards. In these cases, the other factors will be documented in the State's records.

The recommendations of the Rating Committee for both approval and rejection of applications are reviewed by the Assistant Secretary for Neighborhood Revitalization and presented to the Secretary of DHCD for final approval.

Awards are expected to be announced within approximately 90 days of the application submission deadline.

ADDITIONAL PROGRAM POLICIES AND PROCEDURES

1. Funds Transfer - A review of the balance of available funds from the previous fiscal year will occur prior to the award of grants through the annual Community Development competitive round. Available funds will be used prior to the use of 2020 grant funds. Funds not used for the Community Development awards will be used as needed for Special Projects and the Homeless Initiative awards. Therefore, amounts funded in each category could exceed what was identified in the policy guide.

2. Grant Periods - Grants are awarded for a twenty-four (24) month period, except planning grants, which are expected to be completed in twelve (12) months. *The grant period is related to the expenditure of the grant funds only.* No formal amendment is required for the additional time necessary for a grantee to satisfy a national objective or to satisfy corrective actions related to monitoring findings or matters of concern. Time extensions are granted only where circumstances are beyond the grantee's control.

3. Grant Amendments - Circumstances or conditions may develop during project implementation which could prompt the grantee to request, in writing, an amendment to the grant for reasons other than for additional funding (which is addressed under the Special Projects section of this manual). Accordingly, grantees must obtain approval for amendments in the following instances:

- if the addition of a new, or deletion of an existing activity or project is proposed;
- if activities in an area other than the approved target or project area are proposed;
- if the scope of the existing project or activities will change (i.e., number of beneficiaries);
- if a budget revision is proposed resulting in a transfer between approved budget line items in excess of ten percent of the grant award;
- in other instances where DHCD determines an amendment to be appropriate, such as where technical changes in legal or administrative terms occur.

The request for a grant amendment shall provide sufficient information to explain and justify the proposed changes. The CDBG Program may determine that an amendment to a grant agreement requires additional actions. The grantees will be notified in writing if they have to complete any of the following requirements:

- additional citizen participation efforts;
- additional review by the State Clearinghouse; or
- additional environmental review.

The request for a grant amendment will be reviewed on the basis of eligibility and the evaluation criteria applicable at the time of the amendment request.

A time extension may be granted, generally for one year, when it is determined by the program that the grantee will not expend grant funds by the completion date established in the grant agreement. The time extension is processed by the program and is not subject to the requirements of project amendments listed above. The program reserves the right to determine the length of time for the amendment.

Note that if an applicant is awarded funds through the Community Development category for another phase of a project which benefits the same beneficiaries as an open grant, that open grant will be amended to include the new award and for time.

4. Financial Penalty - ERR – The Environmental Review and Request for Release of Funds must be submitted for approval by DHCD within 75 days of the grant award date. Failure to do so will result in a 2% financial penalty of the grant award. The penalty will be assessed initially from administrative funds awarded. If no administrative funds were awarded, then project funds will be recaptured. The exception shall be for projects with issues identified through screening letters where the CDBG Environmental Officer has been notified in writing. Further delay in completing the Environmental Review and obtaining a Release of Funds could result in the termination of the grant.

5. Financial Penalty – Minimum Expenditure - For each grant, the grantee must request payment of a minimum of 5% of grant funds within 180 days of the grant award date. Failure to do so will result in a 5% penalty of the grant award each month until funds are drawn. The penalty will be assessed initially from administrative funds awarded. If no administrative funds were awarded, then project funds will be recaptured. Exceptions to this policy will be considered on a case by case basis.

6. Monitoring and Close Out of Grants - Grants will be officially monitored by CDBG Program staff for compliance with federal and state regulations and requirements and to ensure that the national objective has been met. Some grant activities may be monitored by a specific compliance specialist or by their Project Manager at different stages of the implementation of the grant. All projects are considered “open” until they have been fully monitored and all issues are resolved. The State will issue a Close Out letter to the grantee when it has been formally closed. Grant files and records must be retained by the grantee for a five (5) year period after close out of the State’s grant by HUD.

7. Recapture and Repayment of Funds - Any funds recaptured through grant termination, repayment due to monitoring findings, or completion of an activity at a cost savings will be available for redistribution to eligible projects. DHCD may retain eligible amounts of repaid or recaptured funds for State administrative and technical assistance costs.

8. Suspension of Method of Distribution for Presidential Disaster Declarations - In the event of a Major Disaster Declaration by the President of the United States for a city, town, or county located in the State of Maryland, the Secretary of DHCD shall have the authority to waive the Method of Distribution or any other State policies for the CDBG program to address emergency needs of impacted communities. This will be done in consultation with HUD and the program will operate within the parameter of the law or laws addressing the CDBG program.

CDBG INCOME DETERMINATION AND QUALIFICATION

The CDBG regulations require that the majority of program funds are expended on projects that benefit LMI persons. This benefit can be direct or indirect depending on the type of project. A person or family is considered to be LMI if their total family income is 80% or less than the area median income for the county in which they reside. The exception to this is projects for housing activities which require that the total income of all residents of a household is 80% or less than the area median income. HUD has provided the State with data to be used to determine the LMI information for towns and cities. HUD annually provides income limits to the State for each county which must be used to determine if beneficiaries are LMI. (Income limits provided as Exhibit A)

Grantees are to use the Part 5 method of income calculation for qualifying households for housing rehabilitation, downpayment and/or closing cost assistance, and housing purchase or leasing.

The following provides information on income determination and qualification for CDBG funded projects:

1. Benefit to LMI Persons Thru Area Benefit Activities - For projects that benefit an entire town or city, 51% or more of the total population must be LMI. Municipal applicants are to use April 1, 2019 data provided by the State which identifies which towns and cities have populations where at least 51% of the population is LMI.

For projects that benefit a specific service area (ie. a street, neighborhood or a specific block), 51% or more of the population of that service area must be LMI. To determine this information, applicants must conduct an income survey of the residents of the service area using the Maryland CDBG Low and Moderate Income Survey Guide. This process requires households to provide information on the number of persons in their household and the total household income through a self-certification process. Prior to implementation of a survey, applicants must discuss the survey process with CDBG staff. The survey results must be submitted to the CDBG Program for approval prior to submission of an application.

The State has population and LMI information for Census Designated Places in counties. Applicants would have to document that the proposed activities are within the boundaries of the Census Designated Place.

2. Benefit to LMI Persons Thru Limited Clientele Activities - The majority of projects that are funded under this national objective are for persons that are “presumed” by HUD to be LMI. This includes: abused children, elderly persons, battered spouses, homeless persons, illiterate adults, persons with AIDS, migrant farmer workers, and disabled adults. For other limited clientele activities, information on family size and income is needed to demonstrate that at least 51% of the beneficiaries are persons whose family income does not exceed 80% of the area median income.

Disabled adults are those that meet the U.S. Census definition of severely disabled. This definition classifies adult persons if they (a) use a wheel-chair or had used another special aid for six months or longer; (b) are unable to perform one of more functional activities (seeing, hearing, having one’s speech understood, lifting and carrying, walking up a flight of stairs, and walking) or need assistance with an activity of daily living (which includes getting around inside the home, getting in or out of a chair or a bed, bathing, dressing, eating and toileting) or an instrumental activity of daily living (which includes going outside the home, keeping track of money, preparing meals, doing light housework and using the telephone); (c) are prevented from working at a job or doing housework; or (d) have a selected condition including autism, cerebral palsy, Alzheimer’s disease, dementia, or mental retardation. Also persons who are under 65 years of age and who are covered by Medicare or who receive SSI are considered to have a severe disability.

3. Benefit to LMI Persons Thru Housing Activities - Under this national objective, beneficiaries are persons whose household income does not exceed 80% of the area median income. As it is a direct benefit, the household income must be verified to document that the household qualifies for assistance or participation. Housing rehabilitation or homeownership programs must be targeted specifically to LMI persons. Multi-family housing construction or renovation projects must ensure that at least 51% of the total number of units will be available for LMI persons.

4. Benefit to LMI Persons Thru Job Creation Activities - For projects that result in job creation, 51% of all jobs created are to be taken by LMI persons. Each person hired for a job must provide information on the number of persons in their family and the total family income through a self-certification process.

5. Benefit to LMI Persons Thru Job Retention Activities - For projects that result in job retention, 51% of all jobs retained are to be held by LMI persons. Existing employees must provide information on the number of persons in their family and the total family income through a self-certification process.

• • • Exhibit A • • •

HUD Fiscal Year 2018 CDBG Income Limits

**2019 income limits were not available at the time of publication.
When available, they will be posted on CDBG page of DHCD website
and mailed to existing grantees.**

• • • Exhibit B • • •

**MARYLAND COMMUNITY DEVELOPMENT BLOCK GRANT PROGRAM
CITIZEN PARTICIPATION PLAN**

_____ has adopted this Citizen Participation Plan to meet the citizen participation requirements of 24 CFR 570.486 and 24 CFR 91.115(e). Regulations require that each unit of general local government receiving or expecting to receive Maryland Community Development Block Grant Funds:

- Furnish citizens with information related to the availability of CDBG funding including the amount the State makes available under each state fiscal year, the eligible CDBG activities, and the eligible uses of CDBG funds;
- Provide for and encourage citizen participation, particularly by low and moderate income persons who reside in slum or blighted areas and areas in which CDBG funds are proposed to be used;
- Ensure that citizens will be given reasonable and timely access to local meetings, information and records relating to the unit of general local government's proposed and actual use of CDBG funds;
- Provide technical assistance to groups representative of persons of low and moderate income that request assistance in developing proposals in accordance with procedures developed by the State. Such assistance need not include providing funds to such groups;
- Provide for a minimum of two public hearings, each at a different stage of the project, for the purpose of obtaining citizen's views and responding to proposals and questions. Together the hearings must cover community development and housing needs, development of proposed activities and a review of program performance. Public hearings to cover community and economic development and housing needs must be held before submission of an application to the State. There must be reasonable notice of the hearings and they must be held at times and locations convenient to potential or actual beneficiaries, with accommodations for the handicapped. Public hearings shall be conducted in a manner to meet the needs of non-English speaking residents where a significant number of non-English speaking residents can reasonably be expected to participate;
- Provide citizens with reasonable advance notice of, and opportunity to comment on, proposed activities in an application to the State and, for grants already made, activities which are proposed to be added, deleted, or substantially changed from the unit of general local government's application to the State. Substantially changed means changes made in terms of purpose, scope, location or beneficiaries as defined by criteria established by the State;
- Provide citizens with the (County/Town) Residential Anti-Displacement and Relocation Assistance Plan if proposed applications to be submitted will likely to result in displacement of persons or businesses from their homes or businesses;
- Provide citizens the address, phone number and times for submitting complaints and grievances, and provide timely written answers to written complaints and grievances, within 15 working days where practicable.

CDBG funded activities may serve beneficiaries outside the jurisdiction of the unit of general local government that receives the grant, provided the unit of general local government determines that the activity is meeting its needs in accordance with section 106(d)(2)(D) of the Act.

PROVISION OF INFORMATION, PUBLIC HEARINGS AND COMMENTS

_____ will provide reasonable access to records and information on the proposed and actual use of CDBG funds during regular business hours of ____am-____pm at the following location: _____.

Where possible, _____ will provide copies of documents or access to copying services to citizens or groups requesting information at their own expense.

Information will be furnished to citizens through public notice in _____, a newspaper of general circulation. _____ may also provide additional information to its citizens about the CDBG Program through articles in local newspapers, newsletters or community bulletins, flyers distributed door to door or at presentations made at community meetings.

_____ will hold at least one public hearing to receive input by citizens on the housing and community and economic development needs of the jurisdiction and to discuss the development of proposed activities. This hearing will be held in conjunction with a regularly scheduled meeting of the elected public officials prior to submission of an application for CDBG funds.

If the MD CDBG Program funds the activity, a second hearing on program performance must be held at some point during the grant period after the activity has been initiated.

The MD CDBG Program requires that notice of a public hearing be published in a newspaper of general local circulation no less than five (5) days in advance of the hearing. Hearings will be held at times and locations convenient to actual or potential beneficiaries and at locations accessible to the disabled. Documentary evidence that the required notices are published and public hearings are held in accordance with the plan will be maintained. Copies of the actual notices and/or affidavits shall be a part of the files, in addition to minutes of the hearings. Written minutes of the hearing and an attendance roster will be maintained by _____ at the following location: _____.

If necessary, _____ will make arrangements for a translator when it is expected that non-English speaking persons will participate. Similarly, a signer shall be provided for a deaf or mute participant. If special accommodations are necessary, however, requests should be made to _____ @ _____. At least ____ days advance notice is requested.

_____ will provide citizens an opportunity to comment on the proposed activities in an application to the State. Written comments may be sent to:

TECHNICAL ASSISTANCE

When requested to provide technical assistance to groups representative of persons of low and moderate income, _____ will assist if possible. Files shall document meetings between the group and the local government. If staff capacity to assist does not exist, _____ may offer a referral to the State or to a consultant who can provide the necessary expertise.

COMPLAINTS AND GRIEVANCES

Citizens who wish to submit a complaint or grievance may do so by calling or writing:

_____ shall make reasonable effort to provide a response in writing to written complaints or grievances within 15 working days.

AMENDMENTS TO APPLICATIONS OR GRANTS

_____ will provide citizens notice of, and opportunity to comment on, substantial changes to grants already made, including changes in the purpose, scope, location or beneficiaries. This can be achieved through public notice describing the change and establishing a comment period or through public hearing.

This Citizen Participation Plan is hereby adopted by _____ on _____, 20____. It is effective for a 5 year period until _____.

CHIEF ELECTED OFFICIAL

WITNESS

• • • **Exhibit C** • • •

First Public Hearing Notice
(Sample shows minimal language to be included)

NOTICE OF PUBLIC HEARING

The (*Jurisdiction*) will conduct a Public Hearing to obtain the views of citizens on community, economic development, and housing needs to be considered for submission of an application to the Maryland Community Development Block Grant Program (CDBG). Citizens will have the opportunity to discuss proposed projects and to provide input on other needs to be considered. The hearing will be held at the (*Location*) at (*time, day, and date*). The draft application will be available for the public to review on (*date*) until (*date*) at (*location*) during normal business hours.

Citizens will be furnished with information including but not limited to:

- * the amount of CDBG funds available for State Fiscal Year 2020;
- * the range of activities that may be undertaken with CDBG funds; and
- * the proposed projects under consideration by (*Jurisdiction*).

The Maryland Community Development Block Grant (CDBG) Program is a federally funded program designed to assist governments with activities directed toward neighborhood and housing revitalization, economic development, and improved community facilities and services. It is administered by the Department of Housing and Community Development.

The Maryland CDBG Program reflects the State's economic and community development priorities and provides public funds for activities which meet one of the following national objectives, in accordance with the federal Housing Community Development Act of 1974, as amended, that:

1. benefit to low and moderate income persons and households;
2. aid in the prevention or elimination of slums or blight;
3. meet other community development needs of an urgent nature, or that are an immediate threat to community health and welfare.

Efforts will be made to accommodate the disabled and non-English speaking residents with _____ days advance notice to _____ (*name and phone number of contact*).

(Chief Executive Officer of Jurisdiction)

• • • Exhibit D • • •

Authorizing Resolution

(Sample shows minimal language to be included)

RESOLUTION

WHEREAS, State of Maryland through the Department of Housing and Community Development has solicited applications from eligible jurisdictions to apply for funding under the Maryland Community Development Block Grant Program; and

WHEREAS, (Jurisdiction) is eligible to apply for funds from the Maryland Community Development Block Grant program through the Maryland Department of Housing and Community Development; and

WHEREAS, the (Board/Council name) have held the required public hearing(s) related to the formulation of the (Jurisdiction)'s Block Grant Application; and

WHEREAS, the (Board/Council name) understand and acknowledge that they would be responsible for completion of grant activities and any corrective actions including the repayment of funds if necessary;

NOW, THEREFORE, BE IT RESOLVED, that the (Board/Council name) authorize the submittal of an application for Community Development Block Grant funds in the amount of (\$_____) this (____) day of (_____) 20____ for the following project(s):

BE IT FURTHER RESOLVED, that (Chief Elected Official) is authorized and empowered to execute any and all documents required for the submission of the application.

(Board /Council name)
(Jurisdiction)

By: _____
(Mayor/President)

Attest:

(Note: For resolutions supporting multiple projects, please list projects and amounts)

3/2016

• • • Exhibit E • • •

RESIDENTIAL ANTI-DISPLACEMENT AND RELOCATION ASSISTANCE PLAN

_____ will take every preventable action to minimize the involuntary displacement of persons or businesses when using federal funds received from the Maryland Community Development Block Grant funds as a source of funding in our projects. In the event that displacement occurs, _____, hereby agrees to comply with all requirements of the Uniform Relocation Assistance and Real Property Acquisition Policies Act of 1970 (“URA”), as amended, as described in 49 CFR Part 24; and with the Housing and Community Development Act of 1974 (“HCD Act of 1974”), as amended, as described in 24 CFR Part 42.

RELOCATION

_____ will provide relocation assistance as required under the URA to all persons or businesses displaced as a direct result of assisted activities. They shall be provided relocation benefits which, at a minimum, include:

- Relocation assistance planning and advisory services;
- Moving expenses;
- Referral to comparable replacement unit; and
- Replacement housing payments for 42 months.

Low and moderate income households displaced by the acquisition or demolition of housing or by the conversion or rehabilitation of low and moderate income dwellings to another use are entitled to additional benefits under the requirements of 24 CFR 42.350. These additional benefits include:

- Security deposits and credit checks,
- Referral to comparable replacement unit; and
- Replacement housing payments for 60 months.

Additionally, legal, low and moderate income tenants are also eligible for:

- Referral to at least one suitable, decent, safe and sanitary replacement dwelling unit. _____ shall advise tenants of their rights under the Federal Fair Housing Act, 42 U.S.C. §§ 3601—3619, and of replacement housing opportunities in such a manner that, wherever feasible, they will have a choice between relocation within their neighborhood and other neighborhoods; and
- Each person must be offered rental assistance equal to 60 times the amount necessary to reduce the monthly rent and estimated average monthly cost of utilities for a replacement dwelling (comparable replacement dwelling or decent, safe, and sanitary replacement dwelling to which the person relocates, whichever costs less) to the “Total Tenant Payment.” All or a portion of this assistance may be offered through a certificate or voucher for rental assistance (if available) provided under Section 8 of the United States Housing Act of 1937, 42 U.S.C. § 1437f.

In addition, in consideration of the financial assistance received from the Maryland CDBG Program, particularly when such assistance is used for acquisition, rehabilitation, demolition, or

conversion which results in temporary relocation, _____ agrees to assist either the temporarily displaced residential or business tenant or owner occupant during the time they are displaced. Those receiving temporary relocations shall receive at a minimum:

- Interim living costs;
- Relocation assistance planning and advisory services;
- Reasonable moving expenses; and
- Rental Assistance (if moving to more expensive unit).

ONE FOR ONE REPLACEMENT HOUSING

In the event that low and moderate income dwelling units are demolished or converted to a use other than as low/moderate-income housing, _____ will replace all units that were occupied or were vacant but deemed occupiable as required under Section 104(d) of the HCD Act of 1974, as amended.

All replaced housing will be provided within three (3) years of the commencement of the demolition or rehabilitation relating to conversion. Before obligating or expending funds that will directly result in such demolition or conversion, _____ will make public and submit to the Maryland CDBG Office the following information in writing:

- A. A description of the proposed assisted activity;
- B. The location on a map and number of dwelling units by size (number of bedrooms) that will be demolished or converted to use other than as low/moderate-income dwelling units as a direct result of the assisted activity;
- C. A time schedule for the commencement and completion of the demolition or conversion;
- D. The general location on a map and approximate number of dwellings units by size (number of bedrooms) that will be provided as replacement dwelling units;
- E. The source of funding and a time schedule for the provision of replacement dwelling units; and
- F. The basis for concluding that each replacement dwelling unit will remain a low/moderate-income dwelling for at least ten (10) years from the date of initial occupancy.

GENERAL POLICIES

1. _____ will take every preventable action to minimize the involuntary displacements of persons or businesses during the implementation of our CDBG funded projects. Examples of actions that may be taken include:
 - Stage rehabilitation of assisted housing to allow tenants to remain during and after rehabilitation, working with empty buildings or groups of empty units first, so they can be rehabilitated first, and tenants moved in before rehabilitation of occupied units or buildings is begun.

- Establish temporary relocation facilities in order to house families whose displacement will be of short duration, so they can move back to their neighborhoods after rehabilitation or new construction.
 - Provide counseling to assist homeowners and renters to understand the range of assistance that may be available to help them in staying in the area being revitalized.
2. _____ may enter into a written agreement with a subrecipient, or the owner of the assisted property, under which either may pay all or part of the cost of the required relocation assistance.
 3. _____ understand the cost of relocation assistance and other benefits shall be paid from CDBG funds or such other funds as may be available from any source including the jurisdiction's general fund.
 4. _____ will refer owners and/or tenants to the State CDBG Program if there is a disagreement with the determination that these requirements do not apply to an acquisition or a displacement.
 5. _____ will prepare a specific Relocation Plan in the event that funding is requested for a project where it is known that displacement will occur.

ATTEST/WITNESS

(Typed Name of Chief Elected Official)

(Signature)

This Anti-Displacement Plan is hereby adopted by _____
on _____, 20____. It is effective for a 5 year period until _____.

3/2015

**MARYLAND COMMUNITY DEVELOPMENT BLOCK GRANT PROGRAM
PROGRAM INCOME RE-USE PLAN**

Contact: _____

Phone: _____ **Email:** _____

Any gross income that will be derived from the use of CDBG funds is to be returned to the State unless the re-use of those funds has been previously approved by the State. Applicants must submit a ***Program Income Re-Use Plan*** with their application requesting approval to retain funds at the local level for the same activities. This ***Plan*** must be approved by the State in writing. A new ***Program Income Re-Use Plan*** must be submitted with each application. Local governments wishing to retain program income must be willing to pass a resolution to repay from general funds any costs that HUD or the State may disallow as a result of the retention and reuse of program income.

1. Discuss proposed project and activities:

3. Describe the need for continuing the same activity which generated the program income and how the proposed use of program income will address the need in a timely manner.

4. Describe how the Grantee will ensure the activities undertaken with program income will be in accordance with this plan.
5. Describe how the Grantee will ensure the activities undertaken with program income will meet a national objective and will comply with all applicable Federal and State regulations and requirements.
6. Provide an anticipated time frame for program income receipts and expenditures.
7. Describe the administrative procedures of the Grantee for collecting, distributing, accounting and reporting the program income.
8. Describe how the Grantee will assure that all unexpended funds will be returned to the State in the event the State finds evidence of fraud, waste, mismanagement, and/or substantial non-compliance with the *Program Income Re-Use Plan*.

NOTE:

If approved, a Resolution will be required from the local government indicating repayment of program income funds if disallowed by the State or HUD.

Program Income Administrative Procedures must be approved by the State prior to disbursement of grant funds.

A Program Income Annual Report will be submitted if program income is anticipated or received from this or any previously funded CDBG grant.

• • • Exhibit G • • •

MARYLAND COMMUNITY DEVELOPMENT BLOCK GRANT PROGRAM

Certification Regarding Debarment and Suspension

Instructions

All CDBG grantees will be required to do debarment checks on all subrecipients and anticipated contractors receiving CDBG funds. This applies to labor contractors, engineers, consultants, architects, etc. These checks will be completed by using the form provided. The completed form should be placed in your CDBG records in a separate folder.

For proposed subrecipients, the checks must be completed prior to submission of the application. Upon award of grant funds, the checks must be completed by you prior to signing a contract for services.

Note: Debarment checks for construction contractors will still be completed by the CDBG Labor Standards Officer.

This certification is required by the regulations implementing Executive Order 12549, Debarment and Suspension, 7 CFR Part 3017, Section 3017.510, Participants' responsibilities. The regulations were published as Part IV of the January 30, 1989 Federal Register (pages 4722-4733).

- (1) The prospective primary participant certifies to the best of its knowledge and belief, that it and its principals:
 - Are not presently debarred, suspended, proposed for debarment, declared ineligible, or voluntarily excluded from covered transactions by any Federal department or agency;
 - Have not within a three-year period preceding this proposal been convicted of or had a civil judgment rendered against them for commission of fraud or a criminal offense in connection with obtaining, attempting to obtain, or performing a public (Federal, State or local) transaction or contract under a public transaction; violation of Federal or State antitrust statutes or commission of embezzlement, theft, forgery, bribery, falsification or destruction of records, making false statements, or receiving stolen property;
 - Are not presently indicted for or otherwise criminally or civilly charged by a governmental entity (Federal, State or local) with commission of any of the offenses enumerated in paragraph (1)(b) of this certification; and
 - Have not within a three-year period preceding this application/proposal had one or more public transactions (Federal, State or local) terminated for cause or default.
- (2) Where the prospective primary participant is unable to certify to any of the statements in this certification, such prospective shall attach an explanation to this proposal.

Grantees should use the System for Award Management (SAM) web-site to determine if the potential contractor or engineering firm is excluded from receiving Federal contracts. The web-site can be found at www.sam.gov .

MARYLAND CDBG PROGRAM

Debarment Check

Name of Contractor _____
(Legal)

Contractors Address _____

Date Debarment Check Completed _____

CERTIFICATION SIGNATURE:

SIGNATURE: By signing this Certification page, you certify that you performed the necessary actions to complete the debarment check and certifying that this contractor is not debarred or suspended.

Grantee Name: _____

Program Name: Maryland CDBG Program

Chief Elected Official or Designee: _____

Signature: _____

Date: _____

(Signed Certifications are to be kept in CDBG project files)

• • • Exhibit H • • •

AFFORDABLE RENT STANDARD

(Sample shows minimal language to be included)

The State of Maryland provides Community Development Block Grant (CDBG) funds from the U.S. Department of Housing and Urban Development (HUD) to eligible grantees and their developers for the development of rental housing. As a recipient of CDBG funds for the SPECIFIC ACTIVITY (acquisition of land for the construction) for SPECIFIC PROJECT NAME, the Commissioners of Block County must certify that we will comply with requirements to ensure these units are affordable for low and moderate income persons. As such, the County must adopt and maintain an Affordable Rent Standard.

(CHOOSE THE SECTION BELOW THAT APPLIES TO YOUR PROJECT)

Section 1:

For projects assisted with other state and/or federal affordable housing funding, the contract rents for those units may not exceed the Fair Market Rents established annually for the County by HUD or the rent standards published by the state or federal funding agencies. The rents for these units must remain affordable for the defined term required by the other funding source (or the CDBG term, whichever is greater.)

OR

Section 2:

For projects that do not include other state and/or federal affordable housing funding, the contract rents for those units may not exceed the Fair Market Rents established annually for the County by HUD. The rents for these units must remain affordable for ____ years after occupancy date. The County shall enforce this requirement with a lien with the developer of the property,

Rents may be increased on an annual basis at the time of lease renewal consistent with changes in the rent standard for the project, but in no case will the project owner be required to reduce rents. Rents must be checked annually by the County.

Approved on this date_____

(Board /Council name)
(Jurisdiction)

By:_____
(Mayor/President)

• • • Exhibit I • • •

**MARYLAND COMMUNITY DEVELOPMENT BLOCK GRANT PROGRAM
Revolving Loan & Program Income Funds Status Report**

Grantee: _____

Administrator: _____ **Phone Number:** _____

Please provide information for previously established revolving loans and program income accounts. If you have more than one, please provide information separately for each. This applies to economic and community development funds.

Program Income on Hand

Balance of Funds: _____ **as of** _____

Generated from which Grant(s)? _____

Please provide a narrative describing activity during the past year, if no activity has occurred, please provide reasons why:

Please advise what your plans are to encourage activity:

• • • Exhibit J • • •

*Second Public Hearing Notice
(Sample shows minimal language to be included)*

NOTICE OF PUBLIC HEARING

The (*Jurisdiction*) will conduct a Public Hearing to provide information on the progress of _____ which was funded under the Maryland Community Development Block Grant Program which is a federally funded program designed to assist governments with activities directed toward neighborhood and housing revitalization, economic development, and improved community facilities and services.

Efforts will be made to accommodate the disabled and non-English speaking residents with _____ days advance notice to _____ (*name and phone number of contact*).

(Chief Executive Officer of Jurisdiction)

3/2017

• • •Exhibit K• • •

LIMITED ENGLISH PROFICIENCY DETERMINATION

Using a HUD mapping tool, determine if information related to your application and your outreach require for documents and other outreach information to be translated into other language.

To access the AFFH Data and Mapping Tool:

1. Go to www.hudexchange.info/resource/4867/affh-data-and-mapping-tool/
2. Select AFFH Data and Mapping Tool
3. Step 1 – select State/Insular Area
4. Step 2 – select Maryland
5. Step 3 is pre-populated with Maryland
6. Step 4 is pre-populated with AFFHT0004
7. Step 5 – select Map 4 LEP
8. Select LOAD AFFH MAP
9. Select your county

When you click on your county, a box will appear providing you with the 5 most populous language spoken in your county.

HUD's guidance is as follows, however, if an applicant is specifically targeting activities which include a large number of non-english speaking persons, than action should be taken:

- If number is 1,000 or more, *vital* documents must be translated.
- If number equals more than 5% of population AND more than 50 in number, *vital** documents must be translated.
- If number equals more than 5% of population AND is 50 or less in number, translate written notice of person's right to receive oral interpretation of documents.
- If number is 5% or less of population AND less than 1,000 in number, no written translation is required.

Identify the most populous non-english language spoken in your county: _____

_____ Number of Persons _____ % of population

Identify any actions taken by jurisdiction: _____

Date: _____

Repeat on separate paper if there is more than one language that triggers action.

**Vital documents* are those that contain information critical for obtaining federal services and/or assistance or are required by law. Examples: applications, notices of rights, notices of availability or eligibility, needs assessments, etc.

• • •Exhibit L• • •

INFORMATION ON PREVIOUSLY ASSISTED PROJECTS

To assist with our determination, applicants must provide answers to the following questions if the application includes construction or renovation to a building previously funded with CDBG, Community Legacy or Strategic Demolition funds:

1. Which program provided previous funding? When? How much was the total award? What were the specific uses?
2. Discuss maintenance efforts since building was constructed or renovated?
3. If you are asking to replace building equipment or utilities, what was the warranty on the original equipment? Discuss how it was maintained?
4. What alternatives were considered other than requested activities?
5. Is there is debt on the building? If yes, what is the balance owed and the remaining term? Who is the lender?
6. Do you currently set aside funds for short-term and long-term maintenance needs?

• • •Exhibit M• • •

HOUSING REHABILITATION REQUIREMENTS

Rehabilitation of single family, owner-occupied houses with CDBG funds should address health and safety concerns and ensure that there are no code violations. Grantees are required to have an approved CDBG Housing Rehabilitation Policy Manual which should identify their policies and procedures and include any and all State policy and subsequent changes. The Maryland CDBG Guidebook and the Maryland CDBG Housing Rehabilitation Manual provide information on basic requirements. The information in this exhibit highlights new and recent requirements that supersede previously provided information.

If any CDBG funds are spent on a house, the house must be brought up to the local Standard Livability Code. The locality may establish and adopt written property standards but must, at a minimum, meet the Section 8 Housing Quality Standards. The exceptions to this requirement are connections to water and sewer lines and emergency repairs.

Amount - Grant - The Grantee is to limit the amount of CDBG grant per single family house to \$30,000.

Amount - Loan - There is no maximum if CDBG funds are used for a loan. Per approved policies, the Grantee can determine if loans are to be deferred, forgivable, no-interest or amortized. All loans must be secured with a Deed of Trust.

Cost Benefit Determination – Grantees are prohibited from rehabilitating a house if the estimated cost to rehabilitate the house is 50% or greater than the assessed value of the house (improvement) per the most recent State Department of Assessments and Taxation (SDAT) information. Costs related to lead abatement and treatment are to be excluded from the estimate and not considered when making this determination. The State will consider exception requests if there are health and safety issues.

Debarment – Grantees are to complete debarment checks on all selected contractors.

Emergency Repairs – Only 25% of the total grant award can be used for emergency repairs.

Energy – Energy Star or equivalent materials and products must be used to the extent feasible. Grantees must include this requirement in bidding documents.

Flood Insurance - Flood insurance is required for all houses rehabilitated with CDBG funds that are located in the floodplain. The Grantee is required to ensure that homeowners maintain sufficient replacement insurance. Flood insurance is to be maintained for the term of the lien or loan. This does not apply to recipients of funds for utility connections. Files must contain appropriate documentation including a flood elevation certificate or letter from the County Planning Office certifying the house is not in the floodplain. Failure to enforce the flood insurance requirement will result in repayment of all CDBG funds used for that house.

Homeowners Insurance - Homeowner insurance is required for all houses rehabilitated with CDBG funds. The Grantee is required to ensure that homeowners maintain sufficient replacement insurance. Insurance is to be maintained for the term of the lien or loan. This does not apply to recipients of funds for utility connections. Files must contain appropriate

documentation. Failure to enforce the insurance requirement will result in repayment of all CDBG funds used for that house.

Income Qualification – HUD Part 5 definition of income must be used to calculate income of household. The grantee must obtain income information for all residents of a house when undertaking the income qualification with the exception of children under the age of 18 or full-time college students over the age of 18. Case files must include a copy of the completed Part 5 form as well as documentation supporting full-time students.

Liens - The grantee is required to place a lien on each property which receives a grant. This also applies to CDBG funds used for connections of houses to water and sewer lines. The Grantee is required to use either the following terms or their own terms, whichever are stricter:

- Tier I – Assistance between \$1,000 and \$12,500 require a lien placed on the property for five (5) years
- Tier II – Assistance between \$12,501 and \$25,000 require a lien placed on the property for ten (10) years
- Tier III – Assistance between \$25,001 and \$30,000 require a lien placed on the property for fifteen (15) years

Pest and Termite Inspections – Houses must be inspected for pests and termites prior to approval. The inspections are to be completed by a licensed exterminator. If infestation is discovered, treatment must be provided. Each case file must contain an inspection report showing issues and completed corrections. The exceptions to this requirement are connections to water and sewer lines and emergency repairs.

Refinancing - The State will require the grantee to obtain a pro-rated repayment if a property owner refinances and receives “cash out” from the transaction after the rehabilitation has taken place while the lien or loan term is still in effect. Additionally, no Reverse Mortgages are allowed while the lien or loan term is still in effect.

Smoke Detectors - Regardless of activity, for each house, the grantee must install smoke detectors in accordance with local code or, at a minimum, install one on each floor. If they are already in place, the grantee should ensure that they function properly.

Lead-Based Paint – Due to recent federal regulatory changes, federal and state policies and procedures have been revised related to the rehabilitation of all houses built prior to 1978. Changes include the following:

- The costs for the required lead test must be paid by the grantee and not with CDBG funds in the event a determination is made to not proceed with rehabilitation of a house, however, it can be reimbursed with CDBG funds if house is rehabilitated;
- For projects where the rehabilitation activities are estimated to exceed \$5,000, the lead testing must include residential buildings, soil, garages, fences and other structures to which a child may have access;
- Regulations apply to emergency repairs if painted interior or exterior surfaces are disturbed; and
- All lead-based paint treatment or abatement activities identified through testing must be completed.

The exceptions to these requirements are:

- Housing units constructed after 1978;
- Housing units where all lead-based paint has been previously identified, removed and clearance achieved based on specific regulations;
- Senior only housing as defined as retirement communities or similar types of housing reserved for persons 62 or older unless children under the age of six reside or are expected to reside;
- Any rehabilitation that does not disturb a painted surface;
- Installation of wells and septic systems; or
- Utility connections.

As costs related to treatment or abatement of lead-based paint are in addition to the rehabilitation activities, grantees are to provide a loan for any costs exceeding the \$30,000 grant limit or seek other sources of funding for the lead work.

Additional information and required forms related to procedures will be provided at the Grant Management Training.

• • •Exhibit N• • •

Lead-Based Paint Requirements

Per recent federal regulatory changes addressing lead-based paint, federal and state policies and procedures have been revised to ensure compliance for specific activities funded with CDBG funds. Information specific to single family housing rehabilitation is found in Exhibit M. Additional information and required forms related to procedures will be provided at the Grant Management Training.

These regulations apply to the following:

- Acquisition of housing for re-sale or rental;
- Acquisition and/or renovation of buildings for use as homeless shelters or other residential facility;
- Leasing of buildings used for residential purposes;
- Leasing of residential units for transitional housing for the homeless;
- Downpayment and closing cost assistance;
- Support Services in buildings used for health centers, childcare centers and training; and
- Operation of homeless shelters or other residential facilities

The exceptions to these requirements are:

- Housing units constructed after 1978;
- Use of housing units for emergency rental assistance if only used for 100 days after initial payment or assistance provided and no lease renewal or extension can occur;
- Housing units or buildings where all lead-based paint has been previously identified, removed and clearance achieved based on specific regulations;
- Residential property designated for adults with disabilities;
- Single room occupancy or zero bedroom dwelling units;
- Senior only housing as defined as retirement communities or similar types of housing reserved for persons 62 or older unless children under the age of six reside or are expected to reside; or
- Any rehabilitation that does not disturb a painted surface.

Requirements are based on the type of activity:

When CDBG funded activities result in selling or leasing of acquired and/or renovated residential property, the grantee must eliminate lead-based paint per regulations prior to selling or leasing. Grantees must comply with lead disclosure requirements.

When CDBG funded activities involve the leasing of residential units as transitional or permanent housing for the homeless or other residential use, the grantee is to do a visual assessment of all painted surfaces in units to identify deteriorated lead-based paint. If identified, paint stabilization and clearance is required prior to occupancy*.

When CDBG funds are used to acquire and/or renovate a building to be used for a homeless shelter or other residential facility, the grantee must eliminate lead-based paint per regulations.

When CDBG funds are used for downpayment and/closing cost assistance to homebuyers, the grantee is to do a visual assessment of all painted surfaces in houses before purchase is

approved to identify deteriorated lead-based paint. If identified, paint stabilization and clearance is required prior to occupancy*.

When CDBG funds are used to acquire, renovate or lease a building for use for childcare, the grantee must eliminate lead-based paint per regulations prior to occupancy.

When CDBG funds are used in facilities providing health or training, the grantee is to do a visual assessment of all painted surfaces in the building to identify deteriorated lead-based paint. If identified, paint stabilization and clearance is required prior to use of CDBG funds*.

When CDBG funds are used for operations of a homeless shelter or other residential facility, the grantee is to do a visual assessment of all painted surfaces in the building to identify deteriorated lead-based paint. If identified, paint stabilization and clearance is required prior to use of CDBG funds*.

*The grantee and its subrecipient or developer are responsible for the cost of evaluation and hazard reduction.

CDBG – Community Development and Special Projects
Application Checklist

Attachment	Required Submission	Included ?
Anti-Displacement Plan	Only if new plan	
Citizen Participation Plan	Only if new plan	
Copy of Applicant's audit	Only if new applicant	
Clearinghouse Submission	Yes	
Copy - Commitment letters from other funding sources	Yes	
Copy - Rejection letters from other funding sources	Yes	
Copy – Relevant sections of plans as required for Part D	Yes	
Copy - Survey Approval Letter	If applicable	
Cost Estimates	Yes	
Debarment Check	Only if issues	
Form - Status of RLF Progra and/or Program Income accounts.	If applicable	
Information on Previous Awards – Exhibit L	If applicable	
Limited English Proficiency Determination – Exhibit K	Yes	
Local Resolution	Yes	
Map	Yes	
Map of the area showing areas of minority concentration, LMI concentration and other assisted housing in the area	Only if application for new housing	
National Objective Worksheet(s)	Yes	
Photographs and CD of Photographs	Yes	
Program Income Re-Use Plan	If applicable	
Public Hearing Minutes	Yes	
Public Hearing Notice	Yes	
Rental Housing Loan Terms and Requirements	Only if application for rental housing	
Statement of Assurances and Certifications	Yes	
Subrecipient 501(c)3 documentation, mission and bylaws	If applicable	
Support Letters	Yes	
Original Application and 4 copies for CD/2 copies for Special	Yes	

CDBG – Homeless Initiative
Application Checklist

Attachment	Required Submission ?	Included ?
Anti-Displacement Plan	Only if new plan	
Citizen Participation Plan	Only if new plan	
Copy of Applicant's audit	Only if new applicant	
Clearinghouse Submission	Yes	
Copy - Commitment letters from other funding sources	Yes	
Copy - Rejection letters from other funding sources	Yes	
Copy – Relevant sections of plans as required under Part D	Yes	
Cost Estimates	Yes	
Debarment Check	Only if issues	
Form - Status of RLF Program and/or Program Income accounts	Only if jurisdiction has program(s)	
Information on Previous Awards – Exhibit L	If applicable	
Limited English Proficiency Determination – Exhibit K	Yes	
Local Resolution	Yes	
Map	Yes	
Map of the area showing areas of minority concentration, LMI concentration and other assisted housing in the area	Only if application for new housing	
National Objective Worksheet(s)	Yes	
Photographs and CD of Photographs	Yes	
Program Income Re-Use Plan	If applicable	
Public Hearing Minutes	Yes	
Public Hearing Notice	Yes	
Rental Housing Loan Terms and Requirements	Only if application for rental housing	
Subrecipient 501(c)3 documentation, mission and bylaws	If applicable	
Statement of Assurances and Certifications	Yes	
Support Letters	Yes	
Original Application and 2 copies	Yes	